Supreme Court, U.S.
FILED
(1)
No. 94-1437 FEB 27 1995
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

CONOPCO, INC. D/B/A CHESEBROUGH-POND'S USA CO.,

Petitioner,

—v.—

MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY, and KESSLER CONTAINERS, LTD.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

I. Does the Lanham Act permit manufacturers of store brand and private label products to copy protectible trade dress and trademarks of national brand manufacturers for the packaging of their similar competing products?

II. Are store brand and private label products exempt from the rule in trademark and unfair competition law that proof of intentional copying raises a presumption or inference of the likelihood of confusion?

III. Did the majority panel of the United States Court of Appeals for the Federal Circuit err by reversing the District Court's holdings of trade dress and trademark infringement, reached as ultimate conclusions of fact, without determining that the Court's underlying findings of fact were clearly erroneous?

IV. Should the doctrine of patent infringement by equivalents be rendered inapplicable solely because it would "eviscerate" or "erase" a literal difference between an accused composition and one patent claim element, even though the composition is literally indistinguishable from the other elements and satisfies the tripartite test for equivalency?

STATEMENT PURSUANT TO RULE 29.1

The only parties to this action are those listed in the caption. The following are all parent companies of Conopco, Inc.:

Unilever United States, Inc.
Chesebrough-Pond's International Capital Corporation.

All subsidiaries of Conopco, Inc. are wholly-owned.

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MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY, AND KESSLER CONTAINERS, LTD.,
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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner, Conopco, Inc., doing business as Chesebrough-Pond's USA Co. ("Chesebrough") respectfully petitions this Court for a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") in this case.

OPINIONS BELOW

The opinion of the Federal Circuit is reported at ___ F.3d ___, 32 U.S.P.Q.2d 1225 (Fed. Cir. 1994) and is reprinted as Appendix A (*infra*, 1a-30a). The opinion of the United States District Court for the Eastern District of Missouri ("District Court") is reported at 784 F.Supp. 648 (E.D. Mo. 1992) and is reprinted as Appendix B (*infra*, 31a-94a).

JURISDICTION

The Federal Circuit entered its decision on September 21, 1994. Chesebrough petitioned for a rehearing and a suggestion for rehearing in banc on October 4, 1994. The petition was denied on November 29, 1994. (See App. C, *infra*, 95a). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The statutes involved in this Petition are Sections 32(1) and 43(a) of the Lanham Act, 15 U.S.C. §§ 1114(1) and 1125(a). The full text of these sections is set forth below. This petition also involves Section 271 of the Patent Act, 35 U.S.C. § 271. The text of this section is set forth in App. I, *infra*, 101a-105a.

15 U.S.C. § 1114(1) (Lanham Act, Sec. 32(1))
Infringer Liable in Civil Action

Any person who shall, without the consent of the registrant -

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

15 U.S.C. § 1125(a) (Lanham Act, Sec. 43(a))
Unregistered Marks; False or Misleading Descriptions and Representations

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which -

(1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

STATEMENT OF THE CASE

This case involves the reversal by the Federal Circuit (one judge dissenting in part) of a judgment by the District Court finding that the defendants had willfully infringed the trade dress of VASELINE INTENSIVE CARE Lotion ("VICL"), the registered trademarks VASELINE and INTENSIVE CARE, and U.S. Patent No. 4,939,179 covering petitioner's improved VICL formula.

The case concerns the issue of whether national brand manufacturers of consumer goods should be protected from deliberate copying of their trademarks and trade dress by manufacturers and

retailers of store brand and private label products who claim that emulation of the national brands' packaging is necessary to convey to consumers that they are offering similar, alternative products. The case also concerns the ability of consumers to differentiate products manufactured by the national brand companies from those of the store brand or private label companies in the marketplace.

I. BACKGROUND

A. The Relaunch of Vaseline Intensive Care Lotion

VICL is a hand and body lotion which was introduced by Chesebrough in 1969. Its name is a combination of two trademarks, VASELINE, which has been used by Chesebrough and its predecessors since 1870, and INTENSIVE CARE, which was adopted in 1969 to add a therapeutic image to the then launched VICL skin care lotion product. (App. B, *infra*, 32a). Since its introduction, VICL has been the leader in the hand and body lotion market. (App. B, *infra*, 33a). Its outstanding commercial success has made it Chesebrough's most important product.

From 1969 to June 1989, VICL was packaged in a tapered oval bottle which was commonly used in the trade. (App. B, *infra*, 33a). Neither Chesebrough nor its competitors claimed any proprietary interest in this stock bottle shape. (App. B, *infra*, 33a). Although the VICL label design was slightly changed over the years, the regular formulation VICL was always packaged in a yellow tapered oval bottle with a blue and green label. (See photograph, App. D, *infra*, 96a).

In the 1970's, following the initial success of VICL, several retailers began to sell their own "store brand" of skin care lotion, many of which were packaged in the standard tapered oval bottles. These retailers were relatively few in number and their sales were *de minimis* compared with Chesebrough's other competitors. However, by the mid-1980's, these store brand products had proliferated,

diluting the identity of the VICL packaging and its image of quality. (App. B, *infra*, 34a).

VICL was the first skin care lotion in the therapeutic category. (App. B, *infra*, 32a). As the hand and body lotion market led by VICL continued to grow, major competitors of Chesebrough entered the market, introducing similar products also promoted as therapeutic, such as Proctor & Gamble's WONDRA, Bristol-Myers' KERI, S.C. Johnson's CUREL, and Jergen's ALOE & LANOLIN. (App. B, *infra*, 33a). All of these competing products were marketed in readily distinguishable packaging from VICL. (App. B, *infra*, 34a). After the entry of these competitors, market tracking studies by Chesebrough indicated that consumer confidence in the efficacy of VICL was eroding due to this competition. (App. B, *infra*, 34a).

In 1986, the senior management of Chesebrough decided to "relaunch" VICL, by redesigning the packaging and improving the lotion formulation. There were two main purposes for the relaunch. One was to create a bottle design and trade dress which would be totally unique to Chesebrough and which would distance VICL from the growing number of store brand skin care lotion products. (App. B, *infra*, 34a-35a). The other goal was to restore VICL's therapeutic image. (App. B, *infra*, 34a, 35a). Chesebrough embarked on what became a three-year process to design a completely new package which was both unique in appearance and which would convey a therapeutic image to consumers. Chesebrough also enhanced the sensory feel and the therapeutic contents of the lotion itself.[1]

Starting with hundreds of drawings of proposed new bottle designs, Chesebrough selected the bottle shape which appeared most unique. (App. B, *infra*, 35a). In order to insure that the new bottle shape was truly unique in appearance and that it conveyed a therapeutic image, Chesebrough conducted a series of consumer tests.

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[1] The resulting novel VICL lotion formulation was rewarded by the grant of United States Utility Patent No. 4,939,179 on July 3, 1990 ("the '179 patent). (App. B, *infra*, 38a).

These tests overwhelmingly showed that the new bottle was considered different from any other bottle known to consumers and that the new bottle shape conveyed a more therapeutic image for the product than the former tapered bottle. (App. B, *infra*, 35a-36a).

Chesebrough also revised the label for VICL in order to modernize its appearance. (App. B, *infra*, 36a). Importantly, the same blue and green color combination that Chesebrough had used since 1969 was retained in order to maintain and build upon the extraordinary pre-existing goodwill in the VICL label design. (See photograph of redesigned VICL package, App. E, *infra*, 97a). Chesebrough spent over $3 million on the redesign and testing of the VICL packaging.

The relaunched VICL, including the new lotion formulation, was introduced in 1989 with a nationwide promotional and advertising campaign, costing over $37 million. (App. B, *infra*, 38a-39a). The VICL relaunch achieved a new Chesebrough six-month sales record. For the six-month period following its introduction, gross sales of the new VICL product totalled over $69 million, as compared with under $45 million for the same period in 1988. (App. B, *infra*, 38a-39a).

B. The Venture Brand Skin Care Lotion

Within three to four months after the introduction of the relaunched VICL, Chesebrough discovered that a retail chain located in the mid-west had introduced a skin care lotion product in a package which mimicked the new VICL package. The retailer, Venture Stores, Inc. ("Venture"), sells many national brand products including VICL, as well as numerous store brand products marketed under its own label. These items were routinely packaged by Venture in a manner to allow its customers to identify them as being comparable, lower priced alternatives to national brands. (App. B, *infra*, 40a). Virtually all of Venture's store brand products, including several versions of its skin care lotion, included Venture's name prominently displayed in bold letters, *i.e.*, "VENTURE" accompanied by

Venture's logo.[2] (App. B, *infra*, 44a, 57a; see photograph of prior version of Venture skin care lotion, App. F, *infra* 98a).

In contrast to these other Venture products, some of which compete with other Chesebrough brands, the new Venture skin care lotion packaging was found to be an outright copy and a flagrant violation of Chesebrough's property rights in several respects. First, the manufacturer of the Venture product, The Benjamin Ansehl Company ("Ansehl"), had copied the overall shape and design of the new VICL bottle, appropriating in months the fruits of three years of efforts and millions of dollars of investment. Second, Venture copied the overall appearance of the revised VICL label, including its size, shape, colors and other elements. (See App. B, *infra*, 56a).[3]

Third, while previous versions of the Venture skin care lotion products included a prominent display of Venture's name, Venture removed its name from the front label of its "new" skin care lotion package, and, at the same time, added Chesebrough's trademarks VASELINE and INTENSIVE CARE in a "compare to" statement. (See photograph of redesigned Venture package, App. G, *infra*, 99a). Thus, in bold contrast to Venture's competing store brand skin care lotion sold earlier, this was the *first* version which omitted Venture's name *and* displayed Chesebrough's famous trademarks. (Compare prior and revised Venture packages, App. F and G). Finally, while the similarities of the Venture packaging and the VICL packaging were likely to cause consumers to believe that the Venture product

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[2] Venture's logo is simply a square box with alternating white and black diagonal lines. (See App. F, *infra*, 98a).

[3] The Venture ingredients list also was altered to copy from the relaunched VICL packaging the two new components covered by Chesebrough's '179 patent.

was manufactured, sponsored or authorized by Chesebrough, the lotion was of inferior quality to VICL. (App. B, *infra*, 84a-85a).[4]

II. PROCEEDINGS BELOW

Chesebrough brought suit under Section 32(1) of the Lanham Act, 15 U.S.C. § 1114, for infringement of its registered trademarks, and under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), for unfair competition based upon the defendants' conduct in copying the VICL trade dress, and under 35 U.S.C. § 271 for patent infringement based upon defendants' copying of the newly patented lotion formula. Subject matter jurisdiction in the District Court was proper under 28 U.S.C. §§ 1331, 1338.

The District Court found the evidence overwhelming that the defendants intentionally copied the trade dress of the relaunched VICL. (App. B, *infra*, 56a, 78a, 81a, 82a). The designer at Ansehl was instructed by his superior to make a revised skin care packaging as close as possible to the VICL packaging. (App. B, *infra*, 42a). Early art work which was believed not close enough to the VICL trade dress was rejected. (App. B, *infra*, 42a). The designer admitted that he and his staff "reviewed" the revised VICL packaging when designing the revised packaging for the defendants' skin care lotion product. (App. B, *infra*, 43a). Although other Venture products contain the phrase "compare to national brand", Venture insisted on using "Compare to Vaseline Intensive Care" for this product. (App. B, *infra*, 45a-46a). The court also found that the defendants offered no credible evidence to explain why the Venture

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[4] In 1990, various other retailers introduced skin care lotion products to compete with the relaunched VICL. However, unlike Venture, these retailers did not copy the trade dress of the relaunched VICL. Each of these other competitors' packaging included a prominent, clearly legible display of their store brand name. (See photograph of other competitors' packaging, App. H, *infra*, 100a).

name did not appear on the label of the revised packaging for its skin care lotion product. (App. B, *infra*, 44a-45a, 89a).

After an eight-day bench trial, the District Court determined that the relaunched VICL trade dress was a "strong mark," entitled to a wide scope of protection and that the VASELINE and INTENSIVE CARE trademarks were valid and incontestible. (App. B, *infra*, 80a, 88a). The court then analyzed the six-factor likelihood of confusion test followed by the Eighth Circuit.[5] The District Court found that the overall appearance of the parties' products was "substantially identical" and it took particular note of the fact that the *only* word trademarks appearing on the front labels of both bottles were VASELINE and INTENSIVE CARE. (App. B, *infra*, 54a). Also, the District Court applied the inference of a likelihood of confusion which flows from proof of intentional copying under Eighth Circuit law. (App. B, *infra*, 81a). The District Court concluded that the defendants had willfully infringed the relaunched VICL trade dress and the registered trademarks VASELINE and INTENSIVE CARE. (App. B, *infra*, 82a, 90a).

On appeal by the defendants, a panel majority of the Federal Circuit reversed the District Court's decision of willful trade dress and trademark infringement under Sections 32(1) and 43(a) of the Lanham Act. With the exception of one factual finding concerning actual confusion, the Federal Circuit did not find any error in the District Court's findings of fact. (App. A, *infra*, 23a).[6] Nevertheless, the Federal Circuit determined that the District Court's determinations of trade dress and trademark infringement, which under Eighth Circuit law are ultimate factual determinations, were clearly erroneous.

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[5] In appeals concerning claims under the trademark and unfair competition laws, the Federal Circuit applies the law of the circuit in which the district court is located, in this case, the Eighth Circuit. (App. A, *infra*, 10a).

[6] The District Court made over 100 Findings of Fact on the trade dress and trademark liability issues.

(App. A, *infra*, 22a-24a). The Federal Circuit opined that store brand products, such as Venture's product, have become commonplace, and because of this "fact," the Venture logo alone was enough to differentiate the two products. (App. A, *infra*, 23a). Also, the Federal Circuit refused to apply the inference of a likelihood of confusion under Eighth Circuit law, citing the nature of the store brand competition involved, even though it did not overturn any of the District Court's findings regarding intentional copying by the defendants. (App. A, *infra*, 15a).[7]

The panel majority has thus created an exception under the trademark laws for manufacturers of store brand products. Under the Federal Circuit's decision, it is lawful for a retailer or private label manufacturer to intentionally copy the otherwise protectible trade dress of a national brand product. This exception is unfounded in the statutory and common law of trademarks. The Federal Court's decision is in direct conflict with a Second Circuit decision which denied a private manufacturer the right to copy a major brand's protectible trade dress.

In addition, under the Federal Circuit's decision, the inference or presumption of a likelihood of confusion which would normally flow from such intentional copying does not apply to store brand or private label manufacturers. The Federal Circuit's decision is also in conflict with the law of the circuits in which intentional copying gives rise to an inference or presumption of a likelihood of confusion and actual confusion.

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[7] Except for a finding of actual confusion, Circuit Judge Mayer dissented in all respects from the panel majority's overturning of the District Court's decision that defendants infringed Chesebrough's VASELINE and INTENSIVE CARE trademarks and the VICL trade dress.

III. REASONS FOR GRANTING THE PETITION

A. The Decision of the Federal Circuit Conflicts with A Decision of the Second Circuit

The decision by the Federal Circuit in this case is in direct conflict with a decision of the United States Court of Appeals for the Second Circuit on the same matter. Compare *Oral-B Labs., Inc. v. Mi-Lor Corp.*, 810 F.2d 20 (2d Cir. 1987) with *Conopco Inc. v. May Department Stores Company*, __ F.3d, ___, 32 U.S.P.Q.2d 1225 (Fed. Cir. 1994) (App. A, *infra*). In both of these cases there was no question that the defendants, who were store brand/private label manufacturers, intentionally copied the plaintiff's trade dress. These defendants also admitted that their intent in copying plaintiffs' packaging was to emulate national brands packaging, allegedly to facilitate consumer comparison. This "competitive need-to-copy" argument was rejected by the Second Circuit in *Oral-B Labs.* and by the District Court in this case.

Yet, the Federal Circuit accepted this argument in the present case and found that intentional copying (which is highly probative of infringement in trademark and unfair competition cases) is permitted where the defendant competes as a private label or store brand manufacturer. As a result, a direct conflict has been created between these circuits on the application of federal trademark law to cases involving the same issue.

This conflict between the circuits is irreconcilable because the factual backdrop in *Oral-B Labs.* is mirrored in the facts of the present case. There, the manufacturer of the leading brand of toothbrushes in the industry brought suit for infringement of its trade dress and trademarks against the manufacturer of similar private label and store brand toothbrushes. The district court in that action

concluded that the defendant's packaging for its store brand toothbrushes infringed the trade dress of Oral-B's packaging.[8]

On appeal, the Second Circuit found that the defendant's motive in designing its package strongly supported the District Court's conclusion that the parties' packaging were confusingly similar. 810 F.2d at 23. The Second Circuit referred to testimony by the defendant's president in which he admitted that the packaging for his company's product was "calculated to evoke the image of Oral-B's product." *Id.* The Second Circuit applied the presumption, under the controlling case law, that intentional copying gives rise to a likelihood of confusion. *Id.* In applying the likelihood of confusion test and the presumption of a likelihood of confusion, the Second Circuit *did not* recognize or carve out any exceptions to the law due to the fact that the defendant was a private label manufacturer.[9]

In contrast, the panel majority of the Federal Circuit formulated and applied a previously unrecognized exception to the law. The Federal Circuit decided that where the defendant is a private label manufacturer, a finding of intentional copying is

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[8] The store brand packaging in *Oral-B* had the same type of elements in common with the national brand as in the present case, including the overall design of the package itself, the graphics, the coloration, the placement of descriptive labeling and the use of the national brand trademarks in a "compare to" statement on the face of the packaging. *See Oral-B Labs.*, 810 F.2d at 23 and *Conopco Inc.*, 784 F.Supp. at 665 (App. B, *infra*, 54a).

[9] Other courts have similarly found trade dress and trademark infringement in cases of intentional copying by private label defendants. *DAP Products, Inc. v. Color Tile Mfg., Inc.*, 821 F.Supp. 488, 493 (S.D. Ohio 1993); *Ziegenfelder Co. v. Dunkirk Ice Cream Co.*, 30 U.S.P.Q.2d 1604, 1612 (N.D. W.Va. 1993); *Kroger Co. v. Johnson & Johnson*, 570 F.Supp. 1055, 1060 (S.D. Ohio 1983); *G.D. Searle & Co. v. MDX Purity Pharmacies, Inc.*, 275 F.Supp. 524, 529 (C.D. Cal. 1967).

inconsequential and has little or no bearing on the issue of a likelihood of confusion:

> This is a case in which a retailer markets a national brand product and at the same time markets its own private label product in direct competition. *The retailer packages its product in a manner to make it clear to the consumer that the product is similar to the national brand, and is intended for the same purposes.* At the same time, the retailer clearly marks its product with its private logo, and expressly invites the consumer to compare its product with that of the national brand, *by name*.

(App. A, *infra*, 15a, emphasis added).

Thus, because of the nature of the defendants' business, the Federal Circuit overturned the District Court's findings of trade dress and trademark infringement:

> The fact that Venture (and other retailers) compete in the manner described, which is all that the evidence establishes, is simply insufficient to amount to proof that there is in the minds of consumers a likelihood of confusion about whose product is whose.

(App. A, *infra*, 17a-18a).

The Federal Circuit also refused to apply the inference or presumption of a likelihood of confusion in this case based on this same reasoning. (App. A, *infra* 15a).[10] The District Court made

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[10] The Eighth Circuit has long recognized that proof of intentional copying raises an inference of a likelihood of confusion. *Squirtco v. The Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980).

numerous findings of fact concerning defendants' intentional copying, concluding that there is a "strong inference" of a likelihood of confusion in this case. (App. B, *infra* 81a). *None of these findings was disturbed by the Federal Circuit.* (App. A, *infra* 23a). Thus, the Federal Circuit acknowledged that the defendants intentionally copied the entire commercial appearance of the relaunched VICL packaging, but found such conduct to be lawful because the defendants were in the store brand business.

This Court should grant certiorari to review this serious conflict.

B. A Fundamental Purpose Of The Lanham Act, Namely The Uniform Interpretation And Application Of Trademark Law, Is Contravened By The Federal Circuit's Decision

A fundamental purpose of the Lanham Act is to provide for uniform interpretation and application of trademark law throughout the United States. S. Rep. No. 1333, 79th Cong., 2d Sess. 1274 (1946). Uniformity in application of the trademark laws benefits all competitors in the marketplace, including national brand manufacturers and private label companies. Before a national brand manufacturer expends the time and money to create a distinctive commercial identity and image of quality for a product, and then invests substantial sums of money to build goodwill in the product through advertising and promotion, it must have some reliable basis to expect that it can protect its investment from pirating by competitors.

Similarly, a retailer who wishes to compete by offering a store brand product must be able to assess whether a particular package design is likely to infringe upon the trade dress of a national brand. The decision of the Federal Circuit, which directly conflicts with the *Oral-B* decision of the Second Circuit, frustrates the purpose of the Lanham Act, leaving competitors no reasonable means of determining their rights short of litigation.

C. The Federal Circuit's Decision Will Encourage Blatant Copying of National Brand Packaging and Will Foster Consumer Confusion

As discussed in Section III A, *supra*, the District Court found overwhelming evidence that the defendants intentionally copied the trade dress of the relaunched VICL. These findings were not disturbed. In fact, the Federal Circuit expressly stated that:

> With the exception of the court's finding in relation to actual confusion, *our quarrel is not with any of the court's underlying findings of fact.*

(App. A, *infra*, 23a, emphasis added). Hence, by not finding any error with the District Court's finding that the Venture skin care lotion packaging is a deliberate copy of the VICL packaging, the Federal Circuit's decision condones the intentional copying of otherwise protectible intellectual property rights of the national brands. The judicial sanctioning of such conduct by the Federal Circuit will surely encourage others to copy national brands packaging for competitive products.[11].

The free reign to copy competitors' packaging will foster confusion among consumers. The resultant increasing similarity of private label packaging to national brand packaging will interfere with a consumer's ability to determine whether the private label product is

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[11] An article on the Federal Circuit's decision which was published in the journal Marketing News stated "Private label manufacturers seem happy with the Conopco decision because they believe it goes further than past decisions in allowing lookalike products, and that it provides a blueprint for private label manufacturers to follow in the future." Marketing News, Nov. 21, 1994, p. 11. Also, the Wall Street Journal described the case as "a closely watched trademark case, dealing a setback to national brand manufacturers trying to fight private-label imitators in court." Wall St. J., Oct. 7, 1994, B7.

manufactured or authorized by the national brand company for the private label company, or whether the two products are manufactured by unrelated entities. *See, e.g., Fremont Co. v. ITT Continental Baking Co.*, 199 U.S.P.Q. 415, 420 (S.D.N.Y. 1977) (recognizing the practice employed by some national brand companies of manufacturing its product under a secondary brand name or for a private label company).

The modern day consumer is savvy and is aware of such business practices. In the present case, a consumer, Mrs. Beverly Sickles, who testified about an occasion when she mistakenly purchased the defendants' product believing that it was manufactured by Chesebrough, explained that her erroneous thinking was supported by her knowledge that some national brand companies produce store brand products. (App. B, *infra*, 56a). At trial, defendants' expert witness agreed that this witness *had been confused* by defendants' packaging. (App. B., *infra*, 56a).[12]

In one of the leading trademark decisions of this century, this Court explained that a trademark has psychological drawing power which is relied upon by both its owner and consumers:

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[12] Yet, without citation to any authority, the Federal Circuit rejected this evidence of actual confusion as being "counter-intuitive" because "it assumes that a national brand manufacturer would embark on a scheme to deliberately erode its sales of the national brand." (App. A, *infra*, 11a-12a). However, the Court's supposition that such an assumption and practice would be unthinkable is in fact incorrect, since there are national brand manufacturers which do produce private label products which are often *sold side-by-side* with their own national brands, and both manufacturers and consumers know this. *See* P. Fitzell, *Private Label Marketing In the 1990s*, 83-87, 95-99 (1992); *ITT Continental Baking*, 199 U.S.P.Q. at 420.

> The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol . . . Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can attain legal redress.

Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942) (Frankfurter, J.).

By copying the relaunched VICL packaging, Venture has effortlessly and unjustly misappropriated the entire commercial image of VICL, including its goodwill and underlying brand recognition and reputation for quality. As a result, Chesebrough's efforts and expenditures in designing and testing the new VICL bottle now will also inure to the benefit of Venture as a result of its misappropriation. The goodwill of VICL and Chesebrough's extensive advertising and promotion will help sell Venture's skin care lotion.

There is no legitimate commercial need for Venture and other private label manufacturers to copy protectible trade dress and trademarks of the national brand packaging in order to compete. There are numerous ways for private label manufacturers to indicate that their product is an alternative to a particular national brand, such as strategic shelf placement, in-store signs inviting the consumer to "compare", flyers, promotions and other means. In short, private brand companies can communicate their "compare and save" message

without misappropriating the protectible commercial image of the national brand product.[13]

The blatant copying of national brand packaging by store brand and private label companies will compromise the freedom and right of consumers to make informed choices between the goods of these competing entities in the nation's markets. As the United States Court of Appeals for the Seventh Circuit observed in a recent decision, such copying is contrary to the purpose of protecting trade dress in the first instance:

> In the case of trade dress, copying protectible trade dress interferes with consumers' ability to identify the source of goods by their appearance and packaging and therefore interferes with consumers' ability to reward or punish a manufacturer by seeking a superior product or shunning an inferior one.

Badger Meter, Inc. v. Grinnell Corp., 13 F.3d 1145, 1155 (7th Cir. 1994).

D. The Majority Decision Is In Direct Conflict With The Precedent Of This Court And Imperils The Rights Of Trademark Owners

Under Eighth Circuit Law, the test for trade dress and trademark infringement – the likelihood of confusion test – is a

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[13] Even "subliminal" or "associative" confusion constitutes infringement under the Lanham Act because it allows a defendant to gain a foothold in the plaintiff's market by the subtle exploitation of the goodwill and brand recognition underlying plaintiff's products and reputation. *See, e.g., Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*, 486 F.Supp. 414, 428 (S.D.N.Y. 1980), *aff'd*, 687 F.2d 563 (2d Cir. 1982).

question of fact.[14] *Squirtco*, 628 F.2d at 1091. Therefore, the District Court's findings concerning the underlying confusion factors, as well as the ultimate determination of whether there is a likelihood of confusion, are reviewable only for clear error. *Conagra, Inc. v. George A. Hormel & Co.*, 990 F.2d 368, 371 (8th Cir. 1993). In deciding whether there is a likelihood of confusion, each factor must be considered and excessive weight must not be given to any one factor to the exclusion of others. *Id.*, (citing *Life Technologies, Inc. v. Gibbco Scientific, Inc.*, 826 F.2d 775 (8th Cir. 1987)).

In the present case, the District Court made over 100 findings of fact regarding the defendants' liability for trade dress and trademark infringement. These findings include the District Court's comprehensive analysis of the *Squirtco* factors to determine that a likelihood of confusion exists between the parties' products. As Circuit Judge Mayer commented in his dissenting opinion, the District Court's findings were thorough and detailed. (App. A, *infra*, 30a). For example, with regard to the similarity of the trade dress, the District Court listed each of the nine elements of the parties' trade dress which it found extremely similar. (App. B, *infra*, 54a). On the issue of intent, the District Court detailed each event in the record which collectively formed the basis for the conclusion that the defendants acted intentionally, and without regard for Chesebrough's proprietary rights, to imitate the revised VICL trade dress. (App. B, *infra*, 42a-47a).

Without finding any of the District Court's underlying findings of fact (except for the one finding regarding actual confusion

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[14] The Eighth Circuit applies a six-factor test to determine likelihood of confusion: (1) the strength of the plaintiff's mark; (2) the similarity of the marks; (3) the similarity of the products; (4) the competitive proximity of the products; (5) the defendants' intent; and (6) instances of actual confusion. *Squirtco*, 628 F.2d at 1091.

by Mrs. Sickles)[15] to be clearly erroneous, the majority determined that the District Court's findings are "at best, merely inferentially and presumptively relevant to the likelihood of confusion issue." (App. A., *infra*, 16a). It concluded that "*The record is simply devoid of evidence to support findings of actual and likelihood of confusion . . .*" (App. A, *infra*, 24a, emphasis added). Since the District Court's factual findings concerning the six *Squirtco* factors overwhelmingly favored plaintiff, the only process by which the panel majority could have reached its contrary conclusions was by impermissibly re-weighing the evidence in the trial record to reach its own conclusions, rather than reviewing the District Court's analysis and reasoning for reversible error, as Judge Mayer observed in his dissent.[16]

As Circuit Judge Mayer stated in his dissenting opinion, the District Court properly applied the *Squirtco* factors to determine a likelihood of confusion. (App. A, *infra*, 27a-28a). Judge Mayer noted that likelihood of confusion is a question of fact and such factual findings are entitled to considerable deference and cannot be reversed unless clearly erroneous. (App. A, *infra*, 28a). Judge Mayer concluded that there was no basis for reversing the District Court's findings:

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[15] As detailed in note 12, *supra*, the Federal Circuit discounted the actual confusion experienced by this consumer merely on the basis of an incorrect supposition.

[16] The panel majority did not dispute that it gave a different "interpretation" to the facts than did the District Court. (App. A, *infra*, 23a). The majority sought to justify its action by citation to *Woodsmith Publishing Co. v. Meredith Corp.*, 904 F.2d 1244, 1247 (8th Cir. 1990). However, *Woodsmith* was a summary judgment decision which, by definition, involved no disputed material facts. Such a decision cannot provide a basis for an appellate court to reweigh the evidence and reassess witness credibility *after a full trial* without concluding that the lower court's findings were clearly erroneous.

> The findings are comprehensive, amply supported by the evidence in the record, are not clearly erroneous, and provide a sufficient basis for the determination that a likelihood of confusion exists.

(App. A, *infra*, 28a).

The Federal Circuit panel majority's actions mirror those of the panel majority for the United States Court of Appeals for the Second Circuit in *Ives Labs., Inc. v. Darby Drug Co.*, 638 F.2d 538 (2d Cir. 1981), *rev'd*, 456 U.S. 844 (1982)). In that case, this Court determined that the majority rejected the District Court's findings simply because it would have given more weight to evidence concerning one particular issue than did the trial court. *Inwood Labs. v. Ives Labs., Inc.*, 456 U.S. 844, 857-58 (1982). This was clear error because the determination of the weight and credibility of the evidence is the special province of the trier of fact. *Id.* at 856. This Court concluded that the trial court's findings should not have been disturbed because they were not clearly erroneous and further noted that each of the majority's conclusions were contrary to the findings of the District Court. *Id.* at 857.[17]

The same is true here. The panel majority simply disagreed with the conclusion of the District Court and, instead of deferring to

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[17] Since the *Ives* decision, this Court has reversed other circuit court judgments for failure to defer to the factual findings of the trial court as mandated by Rule 52. *See Amadeo v. Zant*, 486 U.S. 214, 223 (1988) (Eleventh Circuit); *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809, 811 (1986) (Federal Circuit); *Icicle Seafoods, Inc. v. Worthington*, 475 U.S. 709, 714 (1986) (Ninth Circuit); *Anderson v. Bessemer City*, 470 U.S. 564, 573-74 (1985) (Fourth Circuit). *See also Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 400 (1990) ("the 'clearly erroneous' standard requires the appellate court to uphold any district court determination that falls within a broad range of permissible conclusions").

the District Court's proper findings, it focused on one argument which was vigorously advocated by the defendants and totally rejected by the district court.[18]

Coincidentally, in the *Squirtco* case, the Eighth Circuit was faced with the same issue. Unlike the majority panel of the Federal Circuit in this case, it recognized that the question before the appellate court is *not* whether it would have decided the case differently had it been the fact finder, but whether the findings are adequately supported by the record:

> The facts were open to dispute, and it is quite possible that we would have reached a different conclusion on the infringement issue if this case were before us *de novo*. There is adequate support in the record, however, for each of the trial court's findings. They are not clearly erroneous.

628 F.2d at 1091.

Since the District Court's findings were not clearly erroneous and since the District Court properly applied Eighth Circuit law, its conclusions of trade dress and trademark infringement should not have been disturbed. Accordingly, Chesebrough respectfully submits that this Court should review the judgment of the Federal Circuit not only because it has created inter-circuit conflict, and has violated Rule 52 of the Federal Rules of Civil Procedure and the precedent of this Court, but also because it casts unprecedented uncertainty in the application of federal trademark law, imperiling the rights of all trademark owners.

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[18] This argument was that the black and white Venture logo alone distinguishes the parties' products.

E. The Federal Circuit's Decision On The Doctrine Of Patent Equivalents Undermines The Policy Of The Doctrine As Enunciated By This Court

The Federal Circuit reversed the District Court's decision that defendants' skin care lotion infringed Chesebrough's '179 patent under the doctrine of patent equivalents. (App. A, *infra*, 9a). That doctrine was thoroughly reviewed, analyzed and approved by this Court nearly a half century ago in *Graver Tank v. Linde Air Products Co.*, 340 U.S. 845 (1950).

There, a dissent by two Justices pointed out that the patent claims in issue literally required a major proportion (i.e. over 50%) of a claimed ingredient[19], but the accused welding flux contained vastly more (88.49%) of another unclaimed ingredient.[20] Therefore, at most, only 11.51% of the claimed ingredient, or over *four times less* than the major proportion required by the claims, could be present in the defendants' composition.[21] Nevertheless, this Court's majority held there was infringement under the now time-honored doctrine of equivalents, because the accused flux performed substantially the same function in substantially the same way to achieve substantially the same result, and because the doctrine is not "the prisoner of a formula and is not an absolute to be considered in a vacuum." *Id.* at 609.

Here, Chesebrough's patent claims required the patented components A[22] and B[23] to be used in a weight ratio of from about

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19 Alkaline earth metal silicate.

20 Manganese silicate.

21 100% - 88.49% = 11.51%.

22 Isoparaffin.

23 Alkyl phosphate salt.

1:1 to about 40:1 of A to B. The district court made detailed factual findings and conclusions of law that defendants' lotion formula containing the same components A and B, in a ratio of 162.9 to 1, or slightly *four times more than* 40:1, infringed under this Court's tripartite test for equivalence. (App. B, *infra*, 52a, 67a-68a).

Without finding any error in the District Court's underlying findings and conclusions, the Federal Circuit reversed the District Court's holding of infringement by equivalents *simply because* it would "eviscerate" or "erase" the 40:1 limitation of Chesebrough's patent claim. (App. A, *infra*, 8a).

But this Court's holding in *Graver Tank* similarly departed from the "major proportion" of claimed component literally required by the patent claim there in issue. *By definition*, every application of the doctrine results in a holding of infringement by equivalents notwithstanding, *indeed fundamentally because*, the accused product or composition *does not* fall within an explicit limitation of the patent claim, but alters it in some insubstantial way while stealing the benefit of the invention. Even the Federal Circuit itself has pointed out in *Loctite Corp. v. Ultra Seal Ltd.*, 781 F.2d 861 (1985) that the mere fact there is a literal difference between the patent claim and the accused composition cannot be decisive because then there could *never* be equivalence:

> That finding [that the difference required a conclusion that the compositions do not work in substantially the same way] however, would allow the difference itself to dictate a finding of no equivalence, and if that were the law, one could *never have* infringement by equivalence.

Id. at 870, emphasis added.

Although the foregoing was thoroughly explained in Chesebrough's petition for rehearing, the Federal Circuit paid no heed. Instead, in its quest to carve out new exceptions for

manufacturers and purveyors of store brands and private labels, the Federal Circuit overturned a finding of infringement by equivalents solely because of a four times literal difference. Such a reason has *never* been accepted by this Court, the Federal Circuit itself, or any other circuit which has addressed the issue of patent infringement by equivalents.

Thus, under the Federal Circuit's decision, store brand and private label manufacturers and retailers are given previously unrecognized privileges not only to copy protectible trademarks and trade dress of national brands, but also functional equivalents of valid patented inventions. This serious conflict between the Federal Circuit's decision and the established law can only lead to uncertainty and confusion in the tripartite test for patent infringement by equivalents, and therefore should be reviewed by this Court.

IV. CONCLUSION

For the reasons set forth herein, Chesebrough respectfully requests that a Writ of Certiorari issue to review the judgment and opinion of the Federal Circuit.

Respectfully submitted,

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APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

92-1412,-1413,-1414,-1415,-1416

CONOPCO, INC., d/b/a CHESEBROUGH-POND'S USA CO.,

Plaintiff/Cross-Appellant,

v.

MAY DEPARTMENT STORES COMPANY
and VENTURE STORES, INC.,
and THE BENJAMIN ANSEHL COMPANY,
and KESSLER CONTAINERS LTD.,
Defendants/Appellants.

DECIDED: September 21, 1994

Before MAYER, MICHEL, and PLAGER, *Circuit Judges*.

PLAGER, *Circuit Judge*.

Defendants May Department Stores Co. (May), Venture Stores, Inc. (Venture), The Benjamin Ansehl Co. (Ansehl), and Kessler Containers Ltd. (Kessler) appeal the judgment of the District Court for the Eastern District of Missouri, entered January 2, 1992 after a bench trial. *Conopco, Inc. v. May Dep't Stores Co.*, 784 F. Supp. 648, 24 USPQ2d 1721 (E.D. Mo. 1992). The District Court ruled that defendants willfully infringed a package of proprietary rights owned by plaintiff Conopco, Inc. d/b/a Chesebrough-Pond's U.S.A. Co. (Conopco) relating to a relaunch of Conopco's Vaseline Intensive Care Lotion (VICL) product. Those rights consist of (1) the rights conferred by U.S. Patent No. 4,939,179 (the '179 patent), (2) the rights to the VASELINE and INTENSIVE CARE trademarks, U.S. Trademark Registration Nos. 44,790, 140,345, and 864,662, and (3) the rights to the trade

dress (container shape and labelling) of the relaunched VICL product pursuant to § 43(a) of the Lanham Act (codified as amended 15 U.S.C. § 1125(a) (1988)). The court awarded plaintiff an injunction, a recall order, enhanced damages of $2,679,201, and prejudgment interest. The court also found the case to be exceptional under 35 U.S.C. § 285 (1988) and 15 U.S.C. § 1117 (1988), and awarded attorney fees and costs. it also imposed joint and several liability on the defendants. The judgment became final on May 26, 1992 when the court denied in all material respects defendants' motions to alter or amend the judgment, or in the alternative, for a new trial. *Conopco, Inc. v. May Department Stores Co.*, 797 F. Supp. 740 (E.D. Mo. 1992).

Plaintiff cross-appeals the court's pretrial decision dismissing certain state law claims it had asserted against defendants.

We *affirm-in-part*, *reverse-in-part*, *vacate-in-part*, and *remand with instructions*.

BACKGROUND

In 1986, Conopco decided to "relaunch" VICL, a product it had been marketing for over 20 years. Conopco wanted to enhance that product's therapeutic image and to further distance it from private label brands, which had been eroding its sales. Accordingly, it set about developing a new bottle shape and label for the product. It also set about developing a new formula for the lotion. Conopco's objective was to reduce the lotion's greasiness while maintaining its thickness and smooth skin feel.

In 1988, Conopco decided upon a revised bottle shape and label for the relaunched product. By 1989, it decided upon a lotion formula. Conopco discovered that the combination of two ingredients -- isoparaffin and DEA-cetyl phosphate -- resulted in a synergistic increase in the viscosity of the lotion. By adding these two ingredients to its lotion, Conopco found that it could decrease the amount of mineral oil used. Since mineral oil is heavy and greasy, Conopco was thus able to achieve a reduction in greasiness without a corresponding decrease in viscosity.

After filing a patent application on the new formula, Conopco initiated the relaunch. It began shipping the product to retailers and aggressively promoting it. By the fall of 1989, the product was on the shelves of virtually every major retailer and drug store in the United States. Between the fall of 1989 and March of 1990, Conopco spent over $37 million to advertise and promote the product.

Ansehl is a manufacturer of private label hand lotions, which it distributes through retailers such as Venture, who also handle national brands such as the revised VICL product. Kessler is a manufacturer of containers, and May is Venture's corporate parent.

In January 1989, Ansehl became aware of Conopco's plans to relaunch VICL. Accordingly, it developed a private label product to compete with the revised VICL product. Together with Kessler, it developed a container for the product. In conjunction with Venture,, it developed the labelling that would be affixed to the container. Soon after Conopco initiated the VICL relaunch, Ansehl began marketing its product through several retailers, including Venture.

In March 1990, Conopco sent Venture a letter asserting that the Ansehl product infringed the proprietary rights Conopco had then accumulated in the revised VICL product (trademark and trade dress). In May 1990, May, Venture's parent, responded denying infringement of those rights.

On July 3, 1990, Conopco's patent on the new lotion formula, the '179 patent, issued. The sole independent claim in that patent is claim 1, which reads:

1. An aqueous cosmetic emulsion comprising:

   i) an isoparaffin;

   ii) a C_8-C_{22} alkyl phosphate salt;

> wherein the isoparaffin and alkyl phosphate salt are present in a respective weight ratio of from about 40:1 to about 1:1, and said emulsion having a viscosity ranging from 35 to about 90 Brookfield units as measured with a Brookfield Viscometer Model LVT using a #4 spindle rotating at 60 rpm at 25' C.

In August 1990, Conopco filed suit against the defendants in the District Court for the Eastern District of Missouri. Conopco's complaint contained six counts. Count one alleged infringement by defendants Ansehl, May, and Venture of the '179 patent; count two alleged infringement by Ansehl, May, and Venture of the VASELINE and INTENSIVE CARE trademarks; count three alleged trade dress infringement by all defendants; and counts four through six were state law counts.

In March 1991, in the decision that gave rise to Conopco's cross-appeal, the District Court dismissed without prejudice the state law counts (counts four through six) Conopco had asserted. The court found that complete diversity was lacking between plaintiff and defendants and that the only basis upon which it could conceivably exercise jurisdiction was pendent jurisdiction. However, it declined to exercise such jurisdiction on the ground that the state law issues would predominate over the federal issues.

On January 2, 1992, the court, in the decision that gave rise to defendants' appeals, entered after a bench trial judgment in favor of plaintiff. *Conopco, Inc. v. May Dept. Stores Co.*, 784 F. Supp. 648, 24 USPQ2d 1721 (E.D. Mo. 1992). The court found that defendants Ansehl, Venture, and May willfully infringed the '179 patent, both literally and under the doctrine of equivalents, and that all defendants had willfully infringed plaintiff's trademark and trade dress rights. The court found the case to be exceptional, and that enhanced damages were warranted. The court awarded plaintiff trebled damages of $2,397,579 for the patent infringement, and trebled damages of $281,622 for the trademark

and trade dress infringement. The court also awarded costs, attorney fees, prejudgment interest, a recall order, and an injunction. It also imposed joint and several liability on the defendants. These appeals followed.

DISCUSSION

A. Patent Infringement Issues

1.

We first address the literal infringement issue. Defendants argue that the court erred in its analysis of this issue because it adopted an unduly broad interpretation of the "about 40:1" limitation in the '179 claims. For example, the trial court considered a formulation with a ratio of 162.9:1 to be within the literal scope of the claim, in part on the theory that "about" allows a range to extend as far as the prior art would allow.[1] Had the court interpreted that limitation properly, argue defendants, it would have reached the opposite conclusion on the literal infringement question.

Defendants are correct. There is simply no basis for interpreting the phrase "about 40:1" to encompass the 162.9:1 ratio. That would imply an expansion of the term "about" to encompass over a fourfold increase in the specified numerical ratio

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[1] At issue in the case also were formulations of the accused product at ratios of 20:1 and 40:1. However, defendants' treatment in their opening briefs of the patent infringement issue in relation to these formulations is both cursory and ambiguous. The issue is not mentioned in the 'Statement of Issues' section, and is addressed only in a footnote in the body of Ansehl's brief. Thus, defendants waived the patent infringement issue with respect to these formulations. See *Becton Dickinson & Co. v. C.R. Bard, Inc.*, 922 F.2d 792, 800, 17 USPQ2d 1097, 1103 (Fed. Cir. 1990).

and thus would ignore the ordinary meaning of that term.[2] Although, as we have repeatedly said, a patentee can be his own lexicographer, the words of a claim "will be given their ordinary meaning unless it appears that the inventor used them differently." *ZMI Corp. v. Cardiac Resuscitator Corp.*, 844 F.2d 1576, 1579, 6 USPQ2d 1557, 1560 (Fed. Cir. 1988) (citing *Envirotech Corp. v. Al George, Inc.*, 730 F.2d 753, 759, 221 USPQ 473, 477 (Fed. Cir. 1984)). The '179 specification and prosecution history do not support the argument that the inventors used this term differently from its ordinary meaning. For example, the specification emphasizes the criticality of the claimed ratio[3]:

> According to the present invention it is important to incorporate isoparaffin and alkyl phosphate salt in a relative weight ratio which falls within the range from about 40:1 to about 1:1, preferably from about 20:1 to about 4:1, optimally between about 10:1 and about 6:1.
>
> By selection of isoparaffin and alkyl phosphate salt as well as *careful control* of the relative ratios, it has become possible to thicken an aqueous system with a minimum amount of oily material. (Emphasis added.)

It also suggests that adherence to the 40:1 to 1:1 range was at least partly responsible for the favorable skin feel test results that had been obtained for the claimed lotion.[4] In the prosecution history,

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[2] According to Webster's Third New International Dictionary, the term means: "3 a: with some approach to exactness in quantity, number, or time: APPROXIMATELY <four feet of snow> <eight o'clock>."

[3] Col. 2, 11. 19 - 24.

[4] The specification reads:

(continued...)

Conopco also emphasized the criticality of the claimed ratio. In response to an office action, Conopco stated that the object of the claimed invention – providing a cosmetic emulsion having enhanced viscosity while avoiding greasiness – "was achieved by utilizing a combination of isoparaffin and an alkyl phosphate salt in a ratio from about 40:1 to about 1:1."

Thus, one of skill in the art, the vantage point from which the proper interpretation of a claim is ultimately determined[5], would have no reason to believe that the term "about" meant other than what it says; on the contrary, there would be every reason to believe that the term should be given its ordinary meaning. That interpretation does not permit an expansion of the claimed 40:1 ratio by over a factor of four.

Conopco argues that an expansive interpretation of the term is not precluded by the prior art. That misses the point. The relevant inquiry, as noted, is whether one of skill in the art would have understood that the term was to be read expansively. The fact that an expansive definition is not precluded by the prior art is not dispositive of this inquiry.

Conopco argues that *Kolene Corp. v. Motor City Metal Treating, Inc.*, 440 F.2d 77, 169 USPQ 77 (6th Cir.), *cert. denied*, 404 U.S. 886 (1971) compels a different result. The claim at issue in that case was a process claim requiring the use of a bath having a cyanate content of between "about 25 and 40%." The

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[4](...continued)

> From the foregoing [skin feel test] results it is evident that at ratios of hydrocarbon to surfactant of 40:1 to 1:1 isoparaffin-type hydrocarbon is much preferred over mineral oil.

Col. 6, 11. 26 - 28.

[5] See *SmithKline Diagnostics Inc. v. Helena Lab. Corp.*, 859 F.2d 878, 882, 8 USPQ2d 1468, 1471 (Fed. Cir. 1988).

accused process employed a bath having a cyanate content in the range of 46 and 50%. The 40% upper limit of the claimed range was not critical, and the term "about" only had to be stretched a modest amount to encompass the cyanate content of the accused process. *Id.* at 82, 169 USPQ at 81. Thus, a finding that the accused process literally infringed did not unduly interfere with the intended function of the claims, and did not eviscerate the plain meaning of the term "about." That is not the case here.

2.

The District Court found that the 162.9:1 formulation infringed under the doctrine of equivalents because it met the function/way/result test set forth in *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 608, *reh'g denied*, 340 U.S. 845 (1950). Defendants argue that this finding is clearly erroneous. Defendants are correct.

The doctrine of equivalents cannot be used to erase "meaningful structural and functional limitations of the claim on which the public is entitled to rely in avoiding infringement." *Pennwalt Corp. v. Durand-Wayland, Inc.*, 833 F.2d 931, 935, 4 USPQ2d 1737, 1739 (Fed. Cir. 1987) *(en banc)*, *cert. denied*, 485 U.S. 1009 (1988) (quoting *Perkin-Elmer Corp. v. Westinghouse Elec. Corp.*, 822 F.2d 1528, 1532, 3 USPQ2d 1321, 1324 (Fed. Cir. 1987)); see also *Graver Tank*, 339 U.S. at 610 (doctrine of equivalents inapplicable in the case of a substantial change between limitation recited in claim and corresponding element in accused product) . That would be the effect of concluding that the 162.9:1 formulation infringes under the doctrine of equivalents. As noted, the "about 40:1" limitation is a meaningful limitation in the claim. A conclusion that the 162.9:1 formulation infringes under the doctrine of equivalents would eviscerate the plain meaning of that limitation.

Conopco argues that Kolene again compels a different result. But that case involved a judgment of literal infringement, *Kolene*, 440 F.2d at 82, 169 USPQ at 81, and is of questionable relevance on the doctrine of equivalents issue presented here. Moreover, in that case the accused infringer specifically chose to

operate at the 46 to 50% level to skirt the language of the claims while appropriating the benefits of the patented invention. That is not the situation here.

3.

For all the foregoing reasons, we reverse the judgment of patent infringement, both literal and under the doctrine of equivalents, as it relates to the 162.9:1 formulation, but affirm that judgment as it relates to the 20:1 and 40:1 formulations. (See note 1, *supra*.)

Since the bulk of defendants' activity which formed the basis for the court's judgment on the patent infringement question involved the 169.2:1 formulation, we vacate the court's award of an injunction, recall order, damages, attorney fees, costs, and prejudgment interest as they relate to this issue. In addition, the finding of willfulness, the determination that enhanced damages are warranted, and the determination that the case is exceptional are vacated as they relate to the patent infringement question.

In view of our affirmance of the judgment of infringement in relation to the 20:1 and 40:1 formulations, the case is remanded to the District Court with instructions to reconsider what remedies might be appropriate, and for reconsideration of the willfulness, enhanced damages, exceptional case, and attorney fees issues as they relate to patent infringement. In resolving the willfulness, enhanced damages, exceptional case, and attorney fees issues, the court is cautioned not to place undue weight on defendants' activities prior to the issuance of the patent. Although these activities may have been undertaken with knowledge that a patent application covering the relaunched lotion formulation was pending (in view of the "patent pending" notice affixed to the relaunched product), that is insufficient to support a finding of willfulness. See *State Indus., Inc. v. A.O. Smith Corp.*, 751 F2d 1226, 1236, 224 USPQ 418, 425 (Fed. Cir. 1985) . In resolving the damages issue, we caution the court to take account of the marking provisions of 35 U.S.C. § 287(a) (1988) in view of our recent decisions in *Amsted Industries Inc. v. Buckeye Steel Castings Co.*, 24 F.3d 178, 30 USPQ2d 1462 (Fed. Cir. 1994) and *American Medical Systems*

Inc. v. Medical Engineering Corp., 6 F.3d 1523, 28 USPQ2d 1321 (Fed. Cir. 1993), *cert. denied*, 114 S.Ct. 1647 (1994) . Since Conopco did not mark its product with the '179 patent number, defendants are not liable for patent infringement damages prior to the date they had actual notice of the '179 patent. *Amsted*, 24 F.3d at 204, 30 USPQ2d at 1469-70; *American Medical Sys.*, 6 F.3d at 1537, 28 USPQ2d at 1331.

B. Trade Dress and Trademark Infringement Issues

The trade dress and trademark infringement issues raise substantive legal issues over which this court does not have exclusive subject matter jurisdiction.[6] Accordingly, it is our practice to defer to the law of the regional circuit in which the district court sits, in this case the Eighth Circuit, to resolve them. See *Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 998 F.2d 985, 987, 27 USPQ2d 1516, 1518 (Fed. Cir. 1993).

1. *Trade Dress*

Conopco's trade dress infringement claim was brought pursuant to section 43(a) of the Lanham Act (codified as amended at 15 U.S.C. § 1125(a) (1988)). Conopco seeks injunctive and monetary relief. In the Eighth Circuit, the elements to be proved in a claim for trade dress infringement differ depending on whether injunctive or monetary relief is being sought. *See Woodsmith Publishing Co. v. Meredith Corp.*, 904 F.2d 1244, 1247 n.5, 15 USPQ2d 1053, 1055 n.5 (8th Cir. 1990); *Co-Rect Products, Inc. v. Marvy! Advertising Photography, Inc.*, 780 F.2d 1324, 1329-30, 228 USPQ 429, 432 (8th Cir. 1985). To establish entitlement to monetary relief, a plaintiff must show actual confusion, while to establish entitlement to injunctive relief, it is sufficient if the plaintiff establishes likelihood of confusion. *Woodsmith*, 904 F.2d at 1247 n.5, 15 USPQ2d at 1055 n.5. The difficulty of proving

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[6] We address these issues in relation to all three lotion formulations since there has been no assertion that the trade dress used with respect to each differed in any material respect.

actual confusion understandably is greater than that of proving likelihood of confusion. *See PPX Enters. v. Audio Fidelity Enterprises*, 818 F.2d 266, 271, 2 USPQ2d 1672, 1675 (2d Cir. 1987); *Schutt Mfg. Co. v. Riddell, Inc.*, 673 F.2d 202, 206, 216 USPQ 191, 194 (7th Cir. 1982). We consider first Conopco's claim for monetary relief, then its claim for injunctive relief.

a. Monetary Relief -- Actual confusion

In the Eighth Circuit, the question of actual confusion *vel non* is one of fact subject to the clearly erroneous standard of review. *Prufrock Ltd., Inc. v. Lasater*, 781 F.2d 129, 132-33, 228 USPQ 435, 437 (8th Cir. 1986) (discussing standard of review for trade dress infringement claim). The trial court based its finding of actual confusion on two factors. The first is the testimony of a consumer, Mrs. Sickles. The second is a presumption of actual confusion arising from the "overwhelming evidence that defendants intended to deceive and confuse the public in connection with the Venture skin care lotion product." (CL8O)

In her testimony, Mrs. Sickles stated that she purchased a private label brand of VICL -- the Target brand[7] -- thinking it to have originated from Conopco. The problem with the testimony is that Mrs. Sickles' confusion arose at least in part from her assumption, erroneous as applied to this case, that national brand manufacturers secretly market private label brands. First, there is no evidence that this assumption is widely held by the relevant consumers, the vantage point from which the confusion issue must ultimately be addressed. Second, under the circumstances of this case, in which the national brand is being sold side-by-side with the private label brand, the assumption is at best counter-intuitive -

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[7] Although the Target brand is different from the Venture brand, the trial court found the labelling of the two to be substantially similar. Defendants have not shown this finding to be clearly erroneous.

- it assumes that a national brand manufacturer would embark on a scheme to deliberately erode its sales of the national brand.[8]

Thus, Mrs. Sickles' experience appears to have been atypical and an isolated incident. Isolated instances of actual confusion do not justify an award of monetary relief when there is a reasonable explanation in the record which serves to discount their importance. *See Harad v. Sears, Roebuck & Co.*, 204 F. 2d 14, 19, 97 USPQ 93, 97 (7th Cir.), *cert. denied*, 346 U.S. 914 (1953); see also *Woodsmith Publishing Co.*, 904 F.2d at 1249, 15 USPQ2d at 1057; *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 263, 205 USPQ 969, 978-79 (5th Cir.), *cert. denied*, 449 U.S. 899 (1980). Accordingly, that testimony is legally insufficient to sustain the court's award of monetary relief.[9]

Actual confusion is normally proven "through the use of direct evidence, i.e., testimony from members of the buying public, as well as through circumstantial evidence, e.g.,, consumer surveys or consumer reaction tests." *PPX Enters. v. Audio Fidelity Enterprises*, 818 F.2d 266, 271, 2 USPQ2d 1672, 1675 (2d Cir. 1987). A presumption of actual confusion arising from an intent to deceive is neither. Thus, the question is whether such a judicially-created presumption constitutes a sufficient basis to sustain the trial court's award of monetary relief.

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[8] The circumstance in which the private label brand is being sold through different commercial channels than the national brand might present a different case.

[9] The suggestion in the dissent -- that survey evidence supports the trial court's conclusion of consumer confusion -- is incorrect. That survey was a 'secondary meaning' survey, designed to test whether the overall shape and coloring of the Conopco container had acquired meaning as a source-indicator. The survey did not purport to address the question of whether consumers could successfully distinguish that container from the Venture container, and thus has no relevance to the actual confusion or likelihood of confusion issues.

In the absence of any Eighth Circuit authority supporting such a presumption, the trial court based the existence of the presumption on three Second Circuit cases, a Ninth Circuit case, and an excerpt from a treatise: *My-T Fine Corp. v. Samuels*, 69 F. 2d 76 (2d Cir. 1934); *Getty Petroleum Corp. v. Island Transp. Corp.*, 878 F.2d 650, 11 USPQ2d 1334 (2d Cir. 1989); *PPX Enterprises v. Audio Fidelity Enterprises*, 818 F.2d 266, 2 USPQ2d 1672 (2d Cir. 1987); U-Haul Intern., Inc. v. Jartran, Inc., 601 F. Supp. 1140, 225 USPQ 306 (D. Ariz. 1984), *aff'd-in-part, rev'd-in-part, and mod.-in-part*, 793 F.2d 1034, 230 USPQ 343 (9th Cir. 1986); and 2 J. Thomas McCarthy, Trademarks and Unfair Competition § 30:25, at 500 (1984). However, a careful evaluation of this material shows that it does not support the court's conclusion.

My-T Fine involved a trademark infringement case[10] in which only injunctive relief was sought. Although the court concluded that likelihood of confusion could be presumed from an intention to copy, 69 F.2d at 77, the question of whether a similar presumption could be drawn in the case of actual confusion was not an issue in the case.

Getty involved a case in which non-Getty gasoline was being sold to consumers under the Getty trademark. In determining whether an award of punitive damages for trademark infringement was sustainable, the court acknowledged the differing elements to be proved depending upon whether monetary or injunctive relief was being sought. 878 F.2d at 656, 11 USPQ2d at 1338. Citing *PPX*, *infra*, it ultimately concluded that the award was sustainable under the limited circumstances of that case, despite plaintiff's failure to provide consumer witnesses or surveys in. relation to the issue of actual confusion. As the court put it: "Consumer witnesses or surveys are not a *sine qua non* of proof of actual confusion in a case where the product falsely presented cannot be meaningfully inspected by the consumer." *Id.* at 656,

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[10] Although the issue here relates to trade dress, not trademark, we assume for purposes of discussion that the rules are sufficiently analogous to make the cases relevant.

11 USPQ2d at 1339. Since the court's holding was expressly limited to the special circumstances of that case, including the fact that consumers could not inspect the competing goods, circumstances which are not present here, *Getty* is inapposite.

PPX involved a case for false advertising brought under Section 43(a) of the Lanham Act. The defendant was marketing records, the jackets of which falsely represented Jimi Hendrix's involvement in the songs recorded thereon. The question was whether the trial court's award of monetary relief was sustainable despite plaintiff's failure to proffer consumer testimony or surveys showing actual confusion. In concluding that the award of monetary relief was sustainable, the court drew a distinction between a claim for false advertising and other claims cognizable under section 43(a) of the Lanham Act, such as a claim for 'palming off' -- false designation of origin, the claim at issue in his case. *Id.* at 272, 2 USPQ2d at 1676. In a case involving false advertising, said the court, the traditional difference between a claim for injunctive relief and one for monetary relief has less relevance. *Id.* at 272, 2 USPQ2d at 1677. However, the court did not disturb the significance of this difference in a case involving a claim for false designation of origin. Thus, *PPX*, as well, is inapposite.

U-Haul is a Ninth Circuit case also involving a claim for false advertising. The court applied the rule that "[p]ublication of deliberately false comparative claims gives rise to a presumption of actual deception and reliance." 601 F. Supp. at 1149, 225 USPQ at 311, *aff'd*, 793 F.2d at 1041, 230 USPQ at 348. The court did not purport to apply this rule to a case involving a claim of palming off or false designation of origin. Thus, it provides no support for the trial court's conclusion.

Finally, the McCarthy treatise notes that there are courts that require some proof of actual confusion for a recovery of damages, and some that, "in some situations will make a monetary award where defendant is a willful infringer or an outright pirate or counterfeiter." 2 J. Thomas McCarthy, *supra*, §30:25, at 499-500. The treatise hardly supports or establishes the conclusion that

the Eighth Circuit is one of the jurisdictions that recognizes the presumption, or that it should be applied in these circumstances.

This is a case in which a retailer markets a national brand product and at the same time markets its own private label product in direct competition. The retailer packages its product in a manner to make it clear to the consumer that the product is similar to the national brand, and is intended for the same purposes. At the same time, the retailer clearly marks its product with its private logo, and expressly invites the consumer to compare its product with that of the national brand, by name.

With the rise of regional and national discount retailers with established names and logos, retailers who market both national brands and their own private label brands in direct competition, this form of competition has become commonplace and well-known in the marketplace. When such packaging is clearly labelled and differentiated -- as was the case here, see the discussion in the next section -- we are unwilling to attribute to the Eighth Circuit, absent clear precedent so requiring, a rule that would make such competition presumptively unlawful.

The District Court erred in concluding that under Eighth Circuit law actual confusion could be presumed from defendants' intent to copy the overall package design. Consequently, there is a complete absence of proof of actual confusion, the required element in plaintiff's claim for monetary relief. The court's award of monetary relief is thus not sustainable, and is reversed.

b. Injunctive Relief - Likelihood of confusion

In the Eighth Circuit, a finding of likelihood of confusion involves consideration of at least the following six factors: (1) strength of the plaintiff's mark; (2) similarity of the plaintiff's and defendant's marks; (3) similarity of the products (4) the competitive proximity of the products; (5) the defendant's intent; and (6) instances of actual confusion. *See SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091, 207 USPQ 897, 900 (8th Cir. 1980) as applied in *Calvin Klein Cosmetics Corp. v. Parfums de Coeur, Ltd.*, 824 F.2d 665, 668, 3 USPQ2d 1498, 1500 (8th Cir. 1987).

Likelihood of confusion is, as actual confusion, a question of fact subject on appeal to the clearly erroneous standard. *Squirtco*, 628 F.2d at 1091, 207 USPQ at 900 as applied in *Calvin Klein*, 824 F.2d at 668, 3 USPQ2d at 1500.

The trial court concluded that likelihood of confusion had been established on the basis of the following findings: that plaintiff's marks are strong (CL71), the trade dress of the two products is "extremely similar" (CL73), the two products are "directly competitive" (CL76), the defendants "acted with deliberate intent to imitate and infringe the revised VICL trade dress" (CL77), a presumption of likelihood of confusion arising from defendants' intent to deceive and copy (CL95), and the presence of actual confusion (CL94). As noted, *supra*, the court's finding of actual confusion was erroneous because of a complete failure of proof. Thus, our task is to determine whether the other findings are sufficient to support the court's finding of likelihood of confusion.

We conclude that they are not. Even accepting these other findings as true, they are at best merely inferentially or presumptively relevant to the likelihood of confusion issue. A factor more probative of that issue, which the court in its opinion failed to address, is the significance of the black and white diagonally-striped Venture logo prominently situated on the front of the original and relaunched Venture products. Photographs comparing the original and relaunched Conopco products with the corresponding Venture products, reproduced below, show the prominent placement of that logo on the front of the Venture products:

[ORIGINAL OPINION CONTAINS PHOTOGRAPHS]

The unique and extensive appearance of that logo in the store parking lot, on store signs, on employees' badges, in Venture's frequent and periodic print and television advertisements, and on

other private label items sold by Venture,[11] the large volume of Venture's annual sales ($1.3 billion in 1990), and the dearth of evidence that consumers ever purchased the Venture brand thinking it to have originated from Conopco despite the extended (over 10 year) period over which the original and relaunched products were sold alongside the Venture brand, give rise to the expectation that consumers identify the logo with Venture, rather than Conopco, and use that logo to successfully distinguish between the two brands.[12]

The fact that Venture (and other retailers) compete in the manner described, which is all that the evidence establishes, is simply insufficient to amount to proof that there is in the minds of

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[11] As Ansehl's marketing director, Bill Bond, testified:

> I think . . . that the Venture logo and the markets where Venture competes and has stores and the way that they merchandise and market their entire retail concept, that their logo is readily familiar to their customer base.
>
> * * *
>
> The logo is everywhere in terms of Venture. It's in the parking lot. It's on the store signage. It's in their advertising vehicle. It's on television. It's everywhere.
>
> * * *
>
> I've never seen it anywhere else.

[12] Given the smallness of the type used, the presence of the Venture name on the face of the original Venture product does not detract from a conclusion that the Venture logo standing alone has acquired secondary meaning, and thus functions as a source indicator in connection with the relaunched Venture product.

consumers a likelihood of confusion about whose product is whose. The same point has been made in a number of recent cases: *L.A. Gear Inc. v. Thom McAn Shoe Co.*, 988 F. 2d 1117, 25 USPQ2d 1913 (Fed. Cir.), *cert. denied*, 114 S.Ct. 291 (1993); *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 24 USPQ2d 1161 (2d Cir. 1992), *Oreck Corp. v. U.S. Floor Systems, Inc.*, 803 F.2d 166, 231 USPQ 634 (5th Cir. 1986), *cert. denied*, 481 U.S. 1069 (1987); *Litton Systems, Inc. v. Whirlpool, Corp.*, 728 F.2d 1423, 221 USPQ 97 (Fed. Cir. 1984); *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F. 2d 252, 205 USPQ 969 (5th Cir.), *cert. denied*, 449 U.S. 899 (1980); and *Warner Lambert Co. v. McCrory's Corp.*, 718 F. Supp. 389, 12 USPQ2d 1884 (D.N.J. 1989). *See also Life Indus. Corp. v. Star Brite Distrib. Inc.*, ____ F.3d ____, ___, 31 USPQ2d 1536, 1540 (2d Cir. 1994).

In *L.A. Gear*, this court, applying regional circuit law, reversed the judgment of the trial court that the overall appearances of several models of defendant's athletic shoes, admitted copies of plaintiffs' athletic shoe, were confusingly similar to the overall appearance of plaintiffs' shoe in contravention of section 43 (a) of the Lanham Act. Although the rule, that intentional copying of trade dress creates a presumption of confusing similarity, was applicable, 988 F.2d at 1132, 25 USPQ2d at 1924, we found erroneous the district court's conclusion that the prominent placement of well-known trademarks on plaintiffs' and defendant's shoes did not dispel or overcome the presumption:

> We conclude that the conspicuous and permanent placement of the trademarks of (plaintiff L.A. Gear) as well as the copyist, and the sophistication of purchasers of fashion athletic shoes, clearly outweigh the similarities in the shoe design, insofar as consumer confusion as to source is avoided. We think the district court was mistaken in viewing these consumers as unsophisticated and casual in their purchases. We agree with Appellants that purchasers of fashion athletic shoes are likely to be well aware of the sources of such shoes, when such sources are

> conspicuously marked on the shoes by both copier and originator.

Id. at 1134, 25 USPQ2d at 1926.

Similarly, in ***Bristol-Myers***, the appellate court reversed the judgment of the district court that the trade dress used in connection with defendant's analgesic pain reliever -- in which the phrase "Tylenol PM was prominently featured -- was confusingly similar to that used in connection with plaintiff's analgesic pain reliever -- in which the phrase "Excedrin PM" was prominently featured. 973 F.2d at 1046, 24 USPQ2d at 1170. Although it sustained the trial court's findings that the defendant was a copyist, and that the parties' respective trade dress was similar, *Id.* at 1046, 24 USPQ2d at 1170, the court nonetheless concluded that a reversal was appropriate in view of the prominent placement of the parties' names on their respective packages:

> Despite the similarity between certain aspects of the two trade dresses, when taken as a whole, including the prominently displayed names, they are not similar in any manner that is likely to cause confusion; in fact, the prominent presence of well known trade names goes far toward countering any suggestion of consumer confusion arising from any of the other . . . factors.
>
> * * *
>
> Even McNeil's bad faith in adopting many elements of the "Excedrin PM" trade dress does not alter that conclusion. Absence of good faith, like the other . . . factors, is not by itself dispositive in any given case. (citations). The prominent placement of the "Tylenol" name goes far toward countering any suggestion that McNeil intended to confuse its customers as to the source of its product. We believe that even "low involvement" consumers will have a hard time missing the famous names that form the most prominent feature of the trade dress in each case. It is thus not surprising that Bristol was unable to

> present any meaningful evidence of actual confusion between the two products.
>
> *Id.* at 1046-47, 24 USPQ2d at 1170-71.

In *Oreck*, the court said that the inability to point to a single instance of actual confusion, despite concurrent use of the marks in question for seventeen months, is "highly significant." 673 F.2d at 173, 231 USPQ at 639.

In *Litton*, this court reversed a finding of likelihood of confusion on the ground that the prominence of the parties' names affixed to the two products in question -- Whirlpool and Litton microwave ovens -- overcame any presumption or inference of likelihood of confusion arising from the similarity of the two products:

> Likelihood of confusion cannot, however, be founded on mere similarity between products . . .
>
> * * *
>
> The accused Whirlpool ovens, in particular, conspicuously display the word "Whirlpool" not just once, but three times on the front, and in moderately large letters too. Likewise, the name "Litton" appears conspicuously on the front of the Litton ovens.
>
> [W]hy affixing a name is not sufficient to avoid likelihood of confusion should be shown by the plaintiff, and not assumed by the trial judge. The district court made no findings . . . as to how a purchaser confronted with a correct brand or maker's name could still be confused or deceived. Nor can we find any basis from the record for determining that there is a likelihood of confusion, when the labelling of the ovens is considered.
>
> * * *
>
> The decision of the trial judge is wrong because it assigns no weight to the practice of the trade ... of placing the maker's or brand name conspicuously

> on the front of the microwave oven and the practice of Whirlpool, in particular, in exceeding, not falling behind the others, in the display of its own name.

728 F.2d at 1446-47, 221 USPQ at 111-12.

In *Amstar*, the appellate court reversed the trial court's judgment that defendants, through their use of trade dress in which the phrase "Domino's Pizza" was prominently featured, had infringed under section 43(a) of the Lanham Act plaintiff's rights in its trade dress, in which the mark "Domino" was prominently featured. Although the governing standard of review in relation to the likelihood of confusion issue was the 'clearly erroneous' standard, *Id.* at 258, 205 USPQ at 974, the court nonetheless concluded that the standard had been met in part because the plaintiff had provided only minimal evidence of actual confusion despite the extended time period (nearly 15 years) during which the two products had been concurrently marketed. *Id.* at 263, 205 USPQ at 979. As the court put it:

> Indeed, the fact that only three instances of actual confusion were found after nearly 15 years of extensive concurrent sales under the parties' respective marks raises a presumption against likelihood of confusion in the future.

Id. at 263, 205 USPQ at 979.

In *Warner Lambert*, the trial court denied a motion for a preliminary injunction seeking to enjoin defendant's use of trade dress in connection with a private label mouthwash which allegedly was confusingly similar to plaintiff's trade dress in contravention of Section 43(a) of the Lanham Act. In determining that the plaintiff had made an insufficient showing of likelihood of confusion, the court took cognizance of the extensive experience relevant consumers had had with private label brands:

> [T]he price difference between the two products is not only a product difference in itself, but also

> prompts [defendant] McCrory to bring this price difference to the consumers attention through the prominent use of "compare and save" signs on shelves in which the products appear, further distinguishing the two products from each other in the minds of prospective consumers. The Court also takes cognizance of the fact that a McCrory's shopper, as with any shopper in such a retail store chain, has likely been exposed to generic or house brands before, and when walking through a McCrory's store and observing the many "compare and save" signs, is not likely to be misled by the McCrory's mouthwash brand.
>
> *Id.* at 399, 12 USPQ2d at 1891.

Finally, in *Life Industries*, the Second Circuit overturned the trial court's finding that there was a likelihood of confusion between the trade dress of the parties' boat caulking products in part because of the absence of evidence of actual confusion. As the court put it: "Life has failed to present any evidence of actual confusion. Although such evidence is difficult to obtain and is not a prerequisite to finding likelihood of confusion, its absence nevertheless weighs against that finding." _____ F.3d at _____, 31 USPQ2d at 1540 (citing *McGregor-Doniger Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1136, 202 USPQ 81, 91 (2d Cir. 1979)).

As the above discussion shows, the marketing device employed by defendants in this case is neither new nor subtle. The cases have approved the general practice in a variety of settings, at least to the extent of not finding a violation of the Lanham Act absent a showing by the plaintiff that real consumers have real confusion or likelihood of it with regard to the origin of the products involved. We are thus left with a "definite and firm conviction" that the District Court erred in concluding that likelihood of confusion had been established. *United States v. United States Gypsum Co.*, 333 U.S. 364, 395 (1948); see also *Colorado v. New Mexico*, 467 U.S. 310, 316 (1984). The court thus clearly erred in awarding injunctive relief, and the judgment of the court in that regard is reversed. We reverse the court's

judgment of trade dress infringement, and its award of costs, attorney fees, and prejudgment interest as they relate to this issue. We further reverse the court's finding of willfulness, the determination that the case is exceptional, and the determination that enhanced damages are warranted as they relate to trade dress infringement. The injunction and recall order are vacated as they relate to this issue.

The dissent's point -- that we have impermissibly reweighed the evidence and intruded on the fact finding role of the trial court -- is incorrect. With the exception of the court's finding in relation to actual confusion, our quarrel is not with any of the court's underlying findings of fact. Our point is that -- in view of the prominent placement of the Venture logo on the front of the Venture product, the extensive exposure consumers have had to that logo, and the extended time period over which consumers have been able to distinguish the Venture and Conopco brands without any apparent confusion -- the findings made by the court do not support a conclusion that consumers associate the Venture brand with Conopco, rather than with Venture. As the Eighth Circuit has noted, "[i]n unfair competition cases, the dispute between the parties usually 'centers on the interpretation to be given to the facts -- not the facts themselves or the inferences that can be drawn from the facts.'" *Woodsmith Publishing Co.*, 904 F.2d at 1247, 15 USPQ2d at 1055.

2.

Conopco's trademark infringement claim was brought pursuant to § 32 of the Lanham Act (codified as amended at 15 U.S.C. §1114(l)(a) (1988)). As with trade dress infringement, actual or likelihood of confusion (depending upon whether monetary or injunctive relief is being sought) is an element of trademark infringement. See *SquirtCo*, 628 F.2d at 1091, 207 USPQ2d at 900. A factor relevant to actual and likelihood of confusion is the manner in which the mark is used by the accused infringer. *See Calvin Klein*, 824 F2d at 668, 3 USPQ2d at 1500. If the use of the mark is truthful and unlikely to confuse consumers as to the source of the product, then the use is permissible. *Id.* In light of the prominent placement of the Venture logo on the face

of the Venture product, and the context in which the marks appear, i.e., a 'Compare' statement, defendants' use of the Conopco marks draws a clear distinction between their product and Conopco's. The record is simply devoid of evidence to support findings of actual and likelihood of confusion here as well. Accordingly, the court erred in finding trademark infringement.

We reverse the court's judgment of trademark infringement. We also reverse the court's award of an injunction, a recall order, and damages as they relate to this issue. We also reverse the court's finding of willfulness, the determination that enhanced damages are warranted, the determination that the case is exceptional, and the court's award of attorney fees, costs, and prejudgment interest as they relate to this issue.[13] The injunction and recall order are vacated as they relate to trademark infringement.

C. The Cross-Appeal

Conopco asserts that the court erred in dismissing its state law claims, and in declining to exercise pendent jurisdiction over Conopco's state law claims. The determination of whether to exercise pendent jurisdiction is a matter within the district court's discretion.[14] *United Mine Workers v. Gibbs*, 383 U.S. 715, 725

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13 Since the only activity upon which we find liability -- the making and selling of the 20:1 and 40:1 formulations -- does not involve all the defendants, we vacate the court's determination that the imposition of joint and several liability is warranted. On remand, the court is instructed to reconsider this issue in, relation to the limited scope of this activity.

14 Conopco's argument, that the court's discretion in this area is curtailed by 28 U.S.C. §1338(b) (1988) and 28 U.S.C. §1367 (Supp. II 1990), is wrong. 35 U.S.C. §1338(b) is a codification of the doctrine of pendent jurisdiction as it applies to patent, trademark, and copyright causes of (continued...)

(1966). The District Court declined to exercise pendent jurisdiction because Conopco's state law claims were brought pursuant not only to Missouri law but to the common law of every other state. The court found that the state law issues were not clearly related to the federal issues and predominated over those issues.

We cannot say the court abused its discretion. As the Supreme Court has stated, "if it appears that the state issues substantially predominate, whether in terms of proof, or the scope of the issues raised, or of the comprehensiveness of the remedy sought, the state claims may be dismissed without prejudice and left for resolution to state tribunals." *Id.* at 726-27. The District Court is affirmed on this issue.

CONCLUSION

We have considered the remaining arguments raised by the parties and find them either unpersuasive or not dispositive.

For all the foregoing reasons, we *reverse-in-part, affirm-in-part, vacate-in-part,* and *remand with instructions.*

COSTS

Each party to bear its own costs.

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[14](...continued)

action. See 13B Charles A. Wright & Arthur R. Miller, Federal Practice & Procedure § 3582, at 317 (1990) ; 1 James W. Moore et al., Moore's Federal Practice ¶ 0.62[6], at 697 (1993). *See also Gilbert/Robinson Inc. v. Carrie Beverage-Missouri, Inc.*, 989 F.2d 985, 993, 26 USPQ2d 1378, 1384 (8th Cir.), cert. denied, 114 S.Ct. 338 (1993). It does not have the significance Conopco says it does. Moreover, 28 U.S.C. § 1367 applies only to civil actions commenced on or after December 1, 1990. Pub. L. No. 101-650 § 310(c), 104 Stat. 5114 (1990). Thus, it has no applicability here.

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UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

92-1412,-1413,-1414,-1415,-1416

CONOPCO, INC. d/b/a CHESEBROUGH-POND'S USA CO.,

Plaintiff/Cross-Appellant,

v.

MAY DEPARTMENT STORES COMPANY and VENTURE STORES, INC ., and THE BENJAMIN ANSEHL COMPANY, and KESSLER CONTAINERS LTD.,
Defendants/Appellants.

MAYER, *Circuit Judge*, concurring in part and dissenting in part.

I would affirm to the extent the district court held defendants liable for infringement of Conopco's trade dress and trademark rights. I see no clear error in that court's finding that there is a likelihood of confusion between defendants' packaging and the trade dress of the relaunched VICL product. I also see no error in the finding that defendants' use of Conopco's registered trademarks was likely to cause confusion among the relevant class of consumers.

This court's contrary conclusion on likelihood of confusion is reached by impermissibly reweighing the evidence that was before the trial court. This is not only beyond its competence but intrudes on the fact finding role of the district court and encourages litigants to ignore the outcome of the trial and retry the case on appeal. Sometimes, like here, it works.

The trial court properly applied the factors set out in *Squirtco v. Seven-Up Co.*, 628 F.2d 1086, 1091, 207 USPQ 897,

900 (8th Cir. 1980), to determine whether a likelihood of consumer confusion exists.[1] Likelihood of confusion is a matter of fact and such factual findings are entitled to considerable deference and cannot be reversed unless clearly erroneous. *Id.* The findings are comprehensive, amply supported by the evidence in the record, are not clearly erroneous, and provide a sufficient basis for the determination that a likelihood of confusion exists.

The district court explained that defendants' employee, Bowers, testified it was "a major directive [of the company] to obtain the new VICL product" and that he was instructed "to make the revised skin care packaging as close as possible to the VICL packaging." *Conopco*, slip op. at 15 (district court's findings of fact (FF 54-55). The court further found as evidence of defendant's intentional conduct that, without adequate explanation, they failed to place the well known "Venture" name on the front of the package but instead placed only the VASELINE and INTENSIVE CARE marks on the front of the package, including their trademark registration symbols. *Id.* at 17, 33 (FF 64-68, 134-137).[2]

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[1] The following factors must be considered in order to determine whether a likelihood of confusion exists: (1) the strength of the plaintiff's mark; (2) the similarity of the marks; (3) the similarity of the products; (4) the competitive proximity of the products; (5) the defendants' intent; and (6) instances of actual confusion. *Squirtco*, 628 F.2d at 1091, 207 USPQ at 900.

[2] The trial court correctly explained that proof of intent to copy another's trade dress creates an inference that there is a likelihood of confusion. *See Squirtco*, 628 F.2d at 1091, 207 USPQ at 900. I recognize that in some instances the addition of the "Compare to ..." language used with a competitor's marks may alleviate potential confusion. *See Calvin Klein Cosmetics v. Parfums de Coeur, Ltd.*, 824 F.2d 665, 668-669, 3 USPQ2d 1498, 1500-01 (8th Cir. 1987) (limited use of trademarks in (continued...)

Defendants did argue that placing a disclaimer on the package alleviated potential confusion. But, supported by the testimony of an expert on consumer psychology, the district court specifically found that consumers rarely, if ever, pay attention to disclaimers. This is especially true if it is obscurely placed, as was defendants', in small print on the bottom rear label of the package. *Conopco*, slip op. at 34 (FF 140). The court further found based on this evidence that the disclaimer could actually foster confusion because the consumer would likely focus on the most well-known words in it, VASELINE and INTENSIVE CARE, and miscomprehend the disclaimer entirely. *Id.* at 34 (FF 141). The court also focused on the expert's testimony that "the average consumer purchasing inexpensive consumer goods, such as skin care lotions, usually reviews the product for approximately three seconds" and "only retain[s] overall impressions of product-appearance, including bottle shapes and colors." *Id.* at 29 (FF 115).

In addition, the court found that not only were the trade marks VASELINE and INTENSIVE CARE "strong marks" but survey evidence established that a very high percentage (83%) of respondents throughout the country correctly recognized the VICL bottle even with all textual material removed except for the ingredient list. *Conopco*, slip op. at 29 (FF 114) . That the court's detailed comparison of the products and finding that they were "substantially identical" is not clearly erroneous is self evident

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[2](...continued)

comparative advertising is permitted when the statements are truthful and *non-confusing*). However, the evidence of record before the trial court, as explained more fully below, supports its conclusion that, on the facts found here, May's use of the VASELINE and INTENSIVE CARE marks was likely to cause confusion despite the addition of the comparative statement.

from the packages themselves, many examples of which were available at trial. *Id.* at 29 (FF 116).[3]

These extensive findings are supported by the evidence in the record including expert testimony that the trial court found credible and persuasive and the testimony of defendants' own employees. The court's detailed comparison of the products properly included an analysis of the features asserted by defendants as reducing confusion. The court's findings on the *Squirtco* factors -- the strength of plaintiff's trademarks and trade dress; the similarity of the products sold in direct competition; the extreme similarity between plaintiff's trade dress and defendants' packaging; and defendants' intent to mimic the VICL trade dress -- all amply support its conclusions. Defendants have not established that any of these findings taken alone is clearly erroneous or that, as a whole, they are so defective as to cast doubt on the district court's conclusion about a likelihood of confusion. That the court failed to discuss every possible piece of evidence in its opinion does not render its decision defective or permit the inference that it ignored relevant evidence. *See Medtronic, Inc. v. Daig Corp.*, 789 F.2d 903, 906, 229 USPQ 664, 667 (Fed. Cir. 1986) ("We presume that a fact finder reviews all the evidence presented unless he explicitly expresses otherwise.").

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[3] It is true that evidence of idiosyncratic and mistaken belief by a consumer such as Mrs. Sickles here, cannot support a finding of actual confusion. *See Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1447, 221 USPQ 97, 112 (Fed. Cir. 1984). Nevertheless, after discounting entirely the evidence of actual confusion, the finding of likelihood of confusion is amply supported by the other evidence.

APPENDIX B

CONOPCO, INC., Plaintiff,
v.
MAY DEPARTMENT STORES COMPANY, et al., Defendants.

No. 90-1475C(3)

United States District Court,
E.D. Missouri, E.D.

Jan. 2, 1992.

MEMORANDUM

HUNGATE, District Judge.

This matter is before the Court to determine the merits of plaintiff's claims after an eight-day bench trial.

Pursuant to 35 U.S.C. § 271, et seq., and 15 U.S.C. § 1121, plaintiff alleges substantial claims for patent infringement and trademark and trade dress infringement. Plaintiff is the creator and manufacturer of the original VASELINE INTENSIVE CARE LOTION, as well as a revised version of that product. Plaintiff contends that defendants have sold and are selling their own skin care lotion which infringes plaintiffs recently patented lotion formula. Plaintiff contends further that defendants have sold and are selling the infringing product in a package simulating the overall shape and appearance of plaintiffs revised Intensive Care Lotion packaging, thereby infringing on plaintiffs trademark and trade dress rights. Defendants counter that they are not liable to plaintiff because no infringement has occurred. Defendant Ansehl counterclaims against plaintiff, alleging bad faith prosecution of plaintiffs patent infringement claim.

Plaintiff seeks monetary and injunctive relief, as well as loss of profit damages, prejudgment interest, attorney's fees, and costs.

Having carefully considered the pleadings, testimony, witnesses, documents, and evidence, and being fully advised in the premises, the Court renders the following findings of fact and conclusions of law.

Findings of Fact

1. Plaintiff, Conopco, Inc., doing business as Chesebrough-Pond's USA Co. ("Chesebrough") is incorporated in New York and has its principal place of business at 33 Benedict Place, Greenwich, Connecticut.

2. Defendant, May Department Stores, Inc. ("May") is incorporated in New York and has its principal place of business at 611 Olive Street, St. Louis, Missouri.

3. Defendant, Venture Stores, Inc. ("Venture") is incorporated in Delaware and has its principal place of business at 2001 East Terra Lane, O'Fallon, Missouri.

4. Defendant, The Benjamin Ansehl Company ("Ansehl") is incorporated in Missouri and has its principal place of business at 1555 Page Industrial Boulevard, St. Louis, Missouri.

5. Defendant, Kessler Containers, Ltd. ("Kessler") is incorporated in Missouri and has its principal place of business at 1480 Page Industrial Plaza, St. Louis, Missouri.

6. In 1969, Chesebrough introduced VASELINE INTENSIVE CARE LOTION ("VICL").

7. Chesebrough introduced VICL with a therapeutic image, thus distinguishing it from the other leading cosmetic skin care lotions.

8. The 1969 VICL appeared in its regular "flavor." There are currently four "flavors" or styles of VICL: regular, herbal and aloe, extra strength, and sensitive skin. The regular VICL has always been packaged in a yellow bottle with a blue and green label. This color combination was designed to link VICL to the over one-hundred-year old reputation of Chesebrough's Vaseline Petroleum Jelly product which is packaged in the same colors.

9. Since its inception in 1969, VICL has been the leading brand in the hand and body lotion market. VICL's sales have steadily increased since its introduction. In 1990, VICL's sales exceeded $109,000,000.

10. In 1974, Chesebrough introduced the herbal and aloe flavor. This flavor was advertised as a therapeutic product also. The extra strength flavor was introduced in 1977 and was directed toward people with exceptionally dry skin. Again, the advertising and promotion focused on therapeutic imagery.

11. Chesebrough introduced the sensitive skin flavor in 1987 as a therapeutic product for people with highly sensitive skin.

12. From 1969 through June 1989, VICL was packaged in a tapered oval bottle which was commonly used by the trade. Chesebrough had no proprietary right or interest in this bottle shape. At times, Chesebrough sold these tapered oval bottles to others.

13. In the early to mid-1980's, Chesebrough began to face substantial competition from major competitors with brands such as Wondra, Nivea, Curel, Jergens Aloe & Lanolin, and Keri. These brands were manufactured and marketed by major competitors such as S.C. Johnson (Curel), Bristol Myers (Keri), and Proctor and Gamble (Wondra). Chesebrough's competitors offered these new products as therapeutic alternatives to the VICL product.

14. Since the late 1970's, Chesebrough conducted annual tracking studies to examine consumer perception of VICL. After major competitors had positioned and promoted their lotions as therapeutic alternatives to VICL, Chesebrough's tracking studies showed that consumers' perceptions of the VICL efficacy were not as positive as they were previously. This erosion in the consumers' confidence in the VICL efficacy was of great concern to Chesebrough since the VICL product was its flagship product and the sales leader in the hand and body lotion market.

15. In 1986, Chesebrough commissioned a comprehensive study referred to as the Market Segmentation Study. This study confirmed that (1) an erosion in VICL's therapeutic imagery had occurred; (2) more consumers were primarily concerned with the therapeutic value of skin care lotions as opposed to their cosmetic value; (3) the VICL product had appeal to a wide range of consumers, from those primarily motivated by price considerations to those who were motivated to purchase because of therapeutic reasons; and (4) the proliferation by major new entrants into the market had eroded the VICL product's therapeutic image.

16. At the time this study was done, none of VICL's major competitors, such as Nivea, Jergens, Curel, and Keri, simulated the trade dress or packaging of the VICL product. Nevertheless, each entrant successfully competed with Chesebrough's VICL product.

17. In the mid 1980's, the private label sector comprised approximately 5% of the total skin care lotion market. In this 5% market sector, there were over 100 separate brands. Thus, on the average, each private label product represented less than .05% of the market.

18. In or about 1986, the most serious concern facing Chesebrough was the erosion of VICL's therapeutic appeal to consumers. Accordingly, senior management, including the president of Chesebrough, decided to relaunch or restage the product. The purpose of the VICL relaunch was to

restore the therapeutic image of the VICL product by creating a totally unique and distinctive packaging and by developing an improved formula for the lotion.

19. Chesebrough's senior management wanted the VICL packaging to have an appearance which would differentiate VICL from the store brand lotions. Also, Chesebrough's senior management wanted to create a package which would be protectible and enforceable against all potential future infringers, including but not limited to private label manufacturers.

20. To this end, Stuart Kipperman and Myron Smith, Chesebrough's in-house package designers, began to work on creating a new VICL package in 1987. By mid-1987, Chesebrough's in-house package department had made hundreds of drawings of proposed new bottle designs. From these drawings, Chesebrough produced clay models of various bottle shapes. These bottle shapes were reviewed and considered by Chesebrough's top management, including its president. From the many bottle shapes, Chesebrough's senior management selected one particular bottle shape which was considered the most unique and aesthetically appealing.

21. To insure that the new bottle shape would be regarded as unique by consumers and would help enhance VICL's therapeutic image, Chesebrough embarked upon a series of experimental consumer tests. In the first of these tests conducted in late 1987, consumers were shown photographs of the clay model of the new bottle shape (with the label used on the then current VICL tapered bottle). Consumers overwhelmingly perceived this new bottle as being different in appearance from any other bottles.

22. In February 1988, Chesebrough conducted an important test on its new packaging. Both prior users and non-users of the VICL product participated in the experiment. These users and non-users of VICL were given the new bottle containing the then current lotion. The respondents were also given the old tapered bottle containing the same lotion. Both the new and old bottles had the label which was then being used on

the old bottle, since plaintiff wanted to investigate the effect the new bottle shape had on consumers.

23. These tests showed that the new bottle shape had an important effect upon consumers' perceptions of the lotion itself. Consumers believed that the lotion in the new bottle was more therapeutic even though the lotion contained in both the new and the old bottle was identical. Chesebrough's personnel and documents refer to this phenomenon as the "halo" effect since the bottle shape itself affected consumers' perceptions on the lotion's efficacy. Consumers also found that the new bottle shape was different and unique.

24. Throughout 1988, Chesebrough continued its research on the bottle to insure that the bottle had "shelf presence," that is, to verify it could be seen easily by consumers on the shelf. Included in this research was an Eye Perception Test, conducted at significant expense to Chesebrough, which investigated consumers' ability to pick out the new VICL packaging from an array of hand and body lotion products found on a typical store shelf. Chesebrough's research confirmed that the new bottle design had great store visibility and shelf presence.

25. In the mid-1980's, Chesebrough's package designers also revised VICL's label in order to further convey a modern and therapeutic image. The designers enlarged and broadened the label to give it a "billboard" look. The trademark VASELINE was moved from the bottom half of the label to the top. They also enlarged the well-known INTENSIVE CARE trademark, a name which evokes a therapeutic image. Chesebrough also continued to use the blue and green color combination that it used for VICL for twenty years in order to maintain and build upon its previously existing equity in the marketplace.

26. In 1988, senior management instructed its Research and Development ("R & D") Department to create an improved formulation for VICL. The goal was to create a lotion which was less greasy while maintaining the lotion's thickness

and smooth skin feel. The research team was headed by Dr. Dipak Ghosh who oversaw several chemists, including Philip Ziegler.

27. The R & D Department began to experiment with isoparaffin, a hydrocarbon, and DEA-cetyl phosphate, a surfactant. After hundreds of experiments using these two ingredients alone and in combination with other ingredients, the R & D Department learned that the combination of isoparaffin, which is a water thin, nonviscous liquid, and DEA-cetyl phosphate, a solid, had an unexpected boosting effect upon the viscosity of the lotion. Because these two ingredients in combination increased the viscosity of the lotion, the amount of mineral oil, a heavy greasy substance, could be decreased. The net effect is a lotion which is less greasy, but just as thick as the old VICL.

28. After this discovery, Chesebrough conducted various tests comparing the old formula with the new formula to insure consumer acceptance of the new formula. Consumers favored the lotion which contained isoparaffin, DEA-cetyl phosphate and glycerin at a proportion of 5.5 % of the entire lotion.

29. For the revised VICL formula, Chesebrough wanted to increase the level of glycerin, the primary healing ingredient. The old VICL formula contained 5% glycerin. In order to advertise and promote the VICL product as "new and improved," it was necessary to increase the amount of the active ingredient glycerin by 10 % over the prior product.

30. Based upon its consumer testing showing a preference for lotion having isoparaffin and DEA-cetyl phosphate and the fact that Chesebrough wanted to advertise the revised VICL as "new and improved," Chesebrough decided to use the formula containing 5.5% glycerin, isoparaffin and DEA-cetyl phosphate. Although glycerin is a heavy, sticky material, the viscosity effect of the isoparaffin/DEA-cetyl phosphate combination permitted Chesebrough to increase the glycerin

content and substantially decrease the mineral oil content, thus achieving a less greasy lotion with more healing ingredients.

31. In order to advertise and promote the new and improved formula, Chesebrough placed a red flag on its label which states "new and improved." Chesebrough could make this statement due to its having increased the amount of glycerin from 5% to 5.5%.

32. Chesebrough is the owner of U.S. Trademark Registration Nos. 44,790 and 140,345 for VASELINE and No. 864,662 for INTENSIVE CARE. These registrations are valid and subsisting and have become incontestable under Section 15 of the U.S. Trademark Act.

33. On April 17, 1989, Chesebrough filed 15 design patent applications to obtain protection for the VICL bottle shape and similar shapes. On July 9, 1991, U.S. Patent No. D318,037 issued to Chesebrough for a bottle shape substantially identical to its new bottle shape.

34. On June 22, 1989, four Chesebrough employees filed a utility patent application to protect their invention, namely the use of isoparaffin and DEA-cetyl phosphate in aqueous cosmetic emulsions. On July 3, 1990, the U.S. Patent Office granted Chesebrough, as assignee, U.S. Patent 4,939,179 ("the '179 patent") for "Cosmetic Emulsions With Hydrocarbon Thickening Agents."

35. In June 1989, Chesebrough began aggressively to promote and advertise its restaged VICL product. Media events were scheduled whereby the media and trade were presented with the revised VICL product as well as an explanation of the twenty-year history of the VICL product itself.

36. In July 1989, the VICL product was shipped to the trade throughout the country. By early fall 1989, the product was on the shelves of virtually every major retail and drug store in the United States. Beginning in the fall of 1989 through March 1990, Chesebrough spent over $37 million in advertising

and promotion on the revised VICL. The advertising also included nationwide advertising on national television networks. The VICL relaunch achieved a new Chesebrough sales record for a six-month period. For the six-month period following its introduction, gross sales of the new VICL product totalled over $69 million. In the previous year, sales for the same six-month period were less than $45 million.

37. In December 1989, VICL also introduced its revised VICL product in a 20 ounce bonus pack, which provides consumers with 33% more lotion free. With the bonus pack, consumers received 20 ounces of VICL for the price of 15 ounces. Since the use of the word "free" is strictly controlled by Federal Trade Commission regulations, the 20 ounce bonus pack is shipped only one month per year. The bonus pack is a promotional device used by Chesebrough to stimulate sales, increase usage, and attract new users. The VICL bonus pack was sold in retail stores throughout the United States.

38. During the late spring of 1989, while Chesebrough began to develop the revised VICL, Venture was a division of May. May provided numerous services to Venture, including legal services and import services. All cash collected by Venture in excess of operating expenses was transferred to May on a daily basis.

39. In November 1990, Venture was divested from May and its stock was publicly traded. In the agreement between May and Venture, Venture's customers are permitted to use May's Famous-Barr credit card to purchase products at Venture. May receives a 3% service charge from Venture from all sales which utilize the Famous-Barr credit card.

40. According to the Venture prospectus used to announce the divestiture, May continues to offer certain services to Venture, including import purchasing of products. In addition, May has given to Venture a royalty-free license to use certain of May's trademarks.

41. Venture sells many hundreds of national brand items such as VICL, as well as hundreds of private label items under its own trademarks. These items are routinely packaged and labeled by Venture in a manner to allow Venture customers to identify them as being comparable, but lower-priced, alternatives to the high-volume national brands.

42. In January 1990, Venture began selling a new formula skin care lotion in a package which simulated the overall shape and appearance of the revised VICL packaging. The new Venture skin care lotion product contained isoparaffin and DEA--cetyl phosphate. Beginning in January 1990, up to and including May 1991, Venture sold and distributed its new skin care lotion packaged solely in a 20 ounce pack.

43. In March 1990, Chesebrough discovered that Venture was selling its skin care lotion product in a revised bottle which closely mimics the new packaging developed by Chesebrough for its VICL product.

44. May's in-house legal department advised and represented Venture at the outset of this controversy. On March 23, 1990, Chesebrough's trial counsel sent a cease and desist letter to Venture accusing Venture, inter alia, of trademark and trade dress infringement. The letter was also sent to May's president.

45. On April 2, 1990, Ms. Lerinda Saint, in-house counsel for May, responded to the March 23 cease and desist letter by stating that May needed more time to investigate the matter. The April 2 letter erroneously identified Venture as a division of May. As of the date of this letter, Venture was a wholly-owned subsidiary of May.

46. On May 2, 1990, Ms. Saint and her supervisor, Margaret McNally, senior counsel to May and an attorney who handled intellectual property matters for Venture since 1981, prepared a response to Chesebrough's cease and desist letter. The April 17 letter was prepared on May's stationery and

generally denied any wrongdoing. Ms. Saint signed the letter and copied Ms. McNally.

47. Defendant Ansehl is engaged in the manufacture and sale of cosmetics and toiletries. Ansehl produces products for retailers which sell house brands or private label cosmetics and toiletries.

48. Ansehl manufactures a skin care lotion containing isoparaffin and DEA-cetyl phosphate for Venture, K-Mart, Woolworth, Ames, Target, WalMart, McCrory, and other retailers. These products supplied by Ansehl are packaged in containers which mimic the shape and appearance of the VICL bottle, including the yellow, blue, and green color combination of the VICL packaging. Prior to 1989, the Venture lotion was sold in yellow "tapered oval" bottles, the same bottles in which VICL was then packaged.

49. Defendant Kessler knowingly manufactured and continues to manufacture for Ansehl a bottle which mimics the shape of the revised VICL bottle.

50. Ansehl has been a Kessler customer for over eight years. Ansehl fills the bottles purchased from Kessler with skin care lotion, caps and labels the bottles, and sells the lotion to its customers. Kessler has produced over 100 different bottles of various shapes and sizes for its customers. Kessler never manufactured a bottle in the exact shape and configuration of the accused bottle, prior to Ansehl's request that it do so. After this lawsuit was commenced, Ansehl indemnified Kessler for liability it may incur as a result of its manufacture and sale of the accused bottle. Kessler continues to manufacture for and sell to Ansehl the bottle used to package Venture's revised formula skin care product.

51. Within Ansehl, there existed an inner management group known as the Business Planning Group. This group included Executive Vice President William Bond; Kip L. Bowers, the Manager of Health and Beauty Aids; Dennis Wiele,

the Chief Financial Officer; and Jay Shoemaker, President of Ansehl in 1989.

52. In a memorandum dated January 16, 1989, Mr. Bond informed Messrs. Bowers, Wiele and Shoemaker and Norma Badolato, a buyer for Ansehl, that Chesebrough was revising its VICL packaging and that this revision would definitely impact on Ansehl's business. The memo also contained photographs of the revised VICL packaging even though the revised VICL trade dress was not shipped to stores until July 1989, six months later.

53. Mr. Bond testified that he received the photographs from a buyer at Caldor, which at that time was wholly-owned by May.

54. After the January memo, Ansehl's Business Planning Group's records manifest a clear attempt to obtain the revised VICL bottle. Mr. Bowers testified that it was a major directive to obtain the new VICL bottle. Mr. Bowers testified further that Ansehl realized that the introduction of the revised VICL packaging would have a profound effect on Ansehl's business.

55. Mr. Bowers testified that he was instructed by Mr. Bond to make the revised skin care packaging as close as possible to the VICL packaging. Mr. Bond rejected early artwork which he did not believe was close enough to the VICL trade dress.

56. Ansehl's revisions included the closure of the bottle as well. Mr. Bond testified that there were numerous discussions at Ansehl concerning Chesebrough's oval closure or cap. Mr. Bond wanted Ansehl's product to have an oval closure or cap.

57. Ansehl realized that producing a bottle with an oval closure would be an expensive process. However, Mr. Bowers testified that Ansehl believed that the expense would be worthwhile because the closer it came to the appearance of the

VICL bottle, the better its chances were to obtain major customers.

58. Mr. Bowers admitted that Ansehl maintained VICL bottles at its headquarters for business purposes. He further admitted that he and his staff reviewed the revised VICL packaging when designing the revised Ansehl packaging. Mr. Bowers admitted also that while designing Ansehl's revised packaging, he took into consideration the shape of the revised VICL product.

59. Mr. Bowers further admitted that he had never seen a bottle in the particular shape of the VICL bottle before his involvement in redesigning Ansehl's bottle. He also admitted that there are numerous ways to make a bottle shape.

60. Although defendants have claimed that there are no exclusive rights in bottle shapes, Mr. Bowers admitted that Ansehl wanted to obtain exclusive rights in the mold for its particular bottle shape because it wanted to have exclusive control over that particular mold. He further testified that Ansehl wanted exclusive rights in the bottle shape produced by the mold.

61. Mr. Bowers testified that he used photographs of the revised VICL product when designing Ansehl's 20 ounce bonus pack.

62. Ansehl eventually selected Compact Mould Company to produce the mold for its 20 ounce bottle. This is the same company which produced the mold for the revised VICL product.

63. Ansehl realized that Chesebrough was going to produce a 20-ounce bonus pack for its relaunch and wanted to have its 20-ounce bonus pack version available to the trade at the same time that Chesebrough's 20-ounce product would be sold to the trade.

64. Mr. Bowers admitted that the Venture name was prominently displayed on Venture's skin care lotion packaging for the past four years. Skin care lotion products sold by Venture have displayed the Venture name in bold lettering on the front label.

65. The revised Venture skin care lotion package does not contain the Venture name on the front label. Mr. Bowers alleged that Venture did not have the right to use the name on the product. No support was established in the record for this position. Ms. McNally, May's intellectual property counsel, testified that she reviewed the Venture Prospectus for accuracy. The prospectus clearly states that Venture owns all rights in and to the Venture name and mark. Furthermore, Ms. McNally admitted that the Venture name is used by Venture on other skin care lotions. At her deposition in April 1991, she testified that she did not know about any alleged problem concerning the right to use the Venture name. Furthermore, she admitted at trial that she never responded to any "cease and desist" letters concerning the use of the Venture name. At trial, Ms. McNally claimed that she recently heard about "some problem about the Venture name. " However, she provided no details.

66. The Venture name was not displayed prominently on the accused bottle. The Venture name appears on the accused bottle only in very small print on the back label in the distributor statement. Significantly, Venture's prior skin care lotion product (which prominently showed the Venture name on its front label), contained the distributor statement on the front label. However, on the revised Venture package, the distributor statement appears on the back label. Mr. Bowers could not explain why this change had occurred, even though he had primary responsibility for redesigning the package.

67. Other witnesses completely contradicted themselves concerning the alleged problem over the Venture name. Mr. Bond, Ansehl's vice-president, testified that he relied upon Mr. Patrick Smith, a buyer for Venture, to determine whether the Venture name could be used. However, Mr. Smith

testified that he relied solely upon Ansehl for information concerning whether his company could use the Venture name.

68. It is undisputed that the Venture name has been used for over 20 years. Further, the company has been publicly traded on the New York Stock Exchange beginning in November 1990. Ms. McNally confirmed that she never received a cease and desist letter from any company concerning Venture's use of its name on a skin care lotion product.

69. Mr. Bowers admitted that when he decided to use the color combination of yellow, blue, and green, he was aware that these colors were used by Chesebrough for its revised VICL product and that he did not consider using any other colors. He also admitted that he was aware that Chesebrough's product had a red slanted diagonal flag when he prepared the label which also uses a red diagonal flag.

70. Regarding the "33% More Free" portion of the label, Mr. Bowers testified clearly, and the record supports his testimony, that this product was sold by Venture from January 1990 up to and including May 1991. During this period of time, Venture did not sell a 15-ounce version of the revised product with the new ingredients. Therefore, during this period of time, consumers could not actually receive " 33 % more free" since the 15-ounce version of the product was not available. Mr. Bowers admitted that he did not check whether extended sales of "bonus packs" would violate Federal Trade Commission rules which strictly limit use of free product offerings to a specific time period.

71. The revised front label of the Venture skin care lotion contains the phrase "Compare to Vaseline Intensive Care Lotion". Mr. Bowers testified that the idea to use the "Compare to" statement came from Mr. Gulledge of Venture stores. Mr. Gulledge wanted the statement printed on a red background so that it would "stand out." Mr. Bowers testified that the wording of the "Compare to" was his idea. He testified that neither he nor Mr. Gulledge wanted to use the term "Compare to National

Brand," although this phrase was used on other Venture products.

72. Mr. Gulledge testified that he was offered temporary stickers stating "Compare to National Brand" which could be applied to the Venture packaging in the interim while the Venture labels were being prepared. Mr. Gulledge completely rejected this offer because he wanted the statement "Compare to Vaseline Intensive Care" to appear on the Venture bottle.

73. Both Mr. Gulledge and Mr. Bowers admitted that while developing the comparison statement for Plaintiff's Exhibit 1, they realized and understood that the names Vaseline and Intensive Care were well-known to the public.

74. Mr. Bowers admitted that he wanted the trademarks in the "Compare to" statement to be large enough to be worthwhile.

75. The revised Venture skin care lotion package contains a disclaimer printed in small type on the bottom of the rear label which states the following: "Venture Skin Care Lotion is not manufactured or distributed by Chesebrough-Ponds Inc., distributor of Vaseline Intensive Care Lotion." Mr. Bowers testified that it was his sole idea to use the disclaimer. He further testified he understood that the front of a skin care lotion package is more important to consumers since this is what they focus upon when viewing the product on store shelves. However, he never considered placing the disclaimer on the front of Venture's revised bottle. Also, he never considered changing the print size or coloring of the disclaimer.

76. Mr. Bowers testified he realized that statements placed on consumer packaging have legal consequences. However, he did not obtain an opinion of counsel concerning the legality of the "Compare to," the use of the statement "33% More "Free," the use of the disclaimer, or other any aspect of Ansehl's revised skin lotion packaging.

77. Mr. Gulledge confirmed that he did not obtain any legal opinions concerning the comparison statement on the revised Venture bottle.

78. Ms. McNally, who from 1989 through 1990, served as intellectual property counsel for Venture, confirmed that neither she nor anyone in May's legal department rendered an opinion on the legality of any aspect of the Venture Skin Care Lotion packaging.

79. Mr. Bond instructed his employee, Sol Benkendorf, a laboratory technician, to match the ingredients of VICL.

80. The parties stipulated that prior to December 1989, neither Ansehl nor Venture sold a skin care lotion which contained isoparaffin or DEA-cetyl phosphate.

81. Mr. Benkendorf testified that in December 1989, he copied the ingredient list found upon the ingredient list on the label of the revised VICL bottle in order to "match" this new ingredient list. From a comparison of the old and new VICL ingredient lists, Mr. Benkendorf learned that isoparaffin and DEA-cetyl phosphate salt were the only new ingredients in the new lotion.

82. In order to insure that he had achieved a match for the VICL product, Mr. Benkendorf retained two outside testing laboratories to confirm that Ansehl's infringing lotion product matches the VICL product.

83. On December 16, 1989, plaintiff began placing the patent pending symbol on the VICL containers.

84. In December 1989, Ansehl made its first batch of lotion containing isoparaffin and DEA-cetyl phosphate in ratios of 40:1. From January 1990 up to and including March 1990, Ansehl began to supply customers, such as Venture and Target, with a skin care lotion having isoparaffin and DEA-cetyl phosphate in a relative ratio of 40:1. Mr. Benkendorf arrived at

this ratio by inserting into the revised Ansehl lotion the isoparaffin and DEA-cetyl phosphate salt components in the same positions and relative amounts as he observed these new ingredients occupied in the new VICL lotion ingredients listing.

85. Mr. Benkendorf testified that in March 1990, he changed Ansehl's lotion containing isoparaffin and DEA-cetyl phosphate from a ratio of 40:1 to a ratio of 162.9:1. Mr. Benkendorf claimed that the change was mandated by a shortage of DEA-cetyl phosphate. However, Ansehl's inventory records indicate that Ansehl had substantial amounts of DEA-cetyl phosphate on hand.

86. From February 2, 1990, up to and including April 1991, Ansehl continued to supply Venture and other customers with a skin care lotion containing isoparaffin and DEA-cetyl phosphate in a relative ratio of 162.9:1. Also, in June 1990 through February 1991, Ansehl produced and shipped skin care lotion containing isoparaffin and DEA-cetyl phosphate in ratios of 20:1.

87. On July 3, 1990, the '179 patent was issued by the U.S. Patent and Trademark Office.

88. From July 3, 1990, to date, Ansehl sold 2,317,944 bottles of skin care lotion containing isoparaffin and DEA-cetyl phosphate in ratios of 162.9:1, 40:1, and 20:1.

89. On August 2, 1990, Chesebrough filed suit alleging infringement of the ' 179 patent, trademark infringement, and trade dress infringement. Despite having actual notice of Chesebrough's claims, the defendants continued to produce and sell a skin care lotion containing isoparaffin and DEA-cetyl phosphate.

90. In its patent application, Chesebrough disclosed the existence of the Coopersmith et al. patent (U.S. Patent No. 3,818,105) and the Merritt patent (U.S. Patent No. 3,634,265). Coopersmith teaches the use of isoparaffin as a skin lubricant. Merritt teaches the use of isoparaffin as a solvent. During the

prosecution of the '179 patent, the Examiner cited as prior art the Deckner patent (U.S. Patent No. 4,481,186). Deckner teaches the use of diethanolarmine cetyl phosphate as an emulsifier in a cosmetic composition. In an Office Action dated November 13, 1989, the Examiner rejected Claims 1-10 under 35 U.S.C. § 103 as being unpatentable over Coopersmith in view of Deckner.

91. On December 18, 1989, applicants' attorney conducted an interview with the Patent Examiner. At the interview, both the Deckner and Coopersmith patents were discussed.

92. On December 20, 1989, in response to the Office Action dated November 13, 1989, plaintiff argued that the citation to Coopersmith was inappropriate since it did not disclose alkyl phosphate salt, nor did it teach the use of isoparaffin as a thickener for lotion. In addition, plaintiff argued that the Deckner patent did not teach the use of isoparaffin nor the use of cetyl phosphate as a viscosity building agent. The Examiner considered plaintiffs arguments, withdrew the citation to Deckner and Coopersmith, and issued a Notice of Allowance.

93. Based upon the prosecution co-inventors history and the testimony of Dr. Ghosh and Mr. Ziegler, coinventors of the invention, and Professor Adelman, plaintiffs patent law expert and a professor of law at Wayne State University Law School, the Examiner's actions were completely proper and in accordance with acceptable practices before the U.S. Patent and Trademark Office.

94. Defendants' citation to other art, namely Canadian Patent 1-196-785 to Elliot, U.S. Letters Patent 4,355,046 to Suess, and U.S. Letters Patent No. 3,439,088 to Edman, are inapposite. None of these patents, read alone or in view of one another, teaches the combination of isoparaffin and DEA-cetyl phosphate to increase viscosity levels of aqueous cosmetic emulsions.

95. Claim 1 of the '179 patent reads as follows:

1. An aqueous cosmetic emulsion comprising:

(i) an isoparaffin;

(ii) a C sub8 -C sub22 alkyl phosphate salt; wherein the isoparaffin and alkyl phosphate salt are present in a respective weight ratio of from about 40:1 to about 1:1, and said emulsion having a viscosity ranging from 35 to about 90 Brookfield units as measured with a Brookfield viscometer Model LVT using a #4 spindle rotating at 60 rmp at 25 [degrees] C.

96. Mr. Ziegler, a person reasonably skilled in the art of creating cosmetic formulations, testified that an aqueous cosmetic emulsion refers to a waterbased formulation which is stable and will not separate. Chesebrough considers a product to be stable when it does not break up after one year of shelf life.

97. The ratio of isoparaffin and alkyl phosphate salt set forth in Claim 1 specifically claims isoparaffin to alkyl phosphate salt in a relative ratio from about 40:1 to about 1:1. According to the testimony of Chesebrough's inventors, the ratio of about 40:1 to about 1:1 was claimed in the application because these ratios reflect the extent of the testing performed by the inventors at the time the utility patent application was filed.

98. According to the testimony of the inventors and Professor Adelman, the scope or range of the claims is controlled by the existence of prior art. There is no prior art which discloses the use of isoparaffin and DEA-cetyl phosphate to obtain a stable cosmetic emulsion with a viscosity range of 35 to about 90 Brookfield Units. The claimed ratio of "about 40:1 to about 1:1" is therefore elastic and is limited only by the prior art and the claims of the patent which teaches the use of isoparaffin and DEA-cetyl phosphate in combination to achieve a viscosity range of 35 to about 90 Brookfield Units.

99. There is nothing in the prosecution history or in the prior art which prevents Chesebrough from claiming that ratios of isoparaffin to alkyl phosphate salt greater than 40:1 infringe the '179 patent. Chesebrough may lawfully claim that lotions which contain isoparaffin and alkyl phosphate salt in ratios greater than 40:1 infringe the '179 patent as long as said emulsions are aqueous cosmetic emulsions which achieve viscosities of 35 to about 90 Brookfield Units.

100. The Court appointed Professor James Stoffer, a Professor of Chemistry at the University of Missouri-Rolla, as an independent expert to assist the Court on the technical issues of patent validity and patent infringement. Professor Stoffer was qualified in emulsion technology and observed all of the trial testimony of the technical witnesses. Professor Stoffer issued a report on September 29, 1991, which fully supports Chesebrough's position that the '179 patent is valid and infringed by defendants' lotions containing isoparaffin and alkyl phosphate salt at weight ratios of 1:1 up to 162.9:1. Professor Stoffer concludes as follows: "Thus I can say that no substantial evidence was presented by the Defendant[s] to invalidate the patent or to support their claim that the 162:1 ratio was outside of the claims of the patent."

101. From December 16, 1989, up to the present, Chesebrough has placed its patent pending symbol on all of its packaging of VICL. This marking provided constructive notice to defendants that the marked goods are not in the public domain and may be subject to inchoate patent rights and future protection.

102. Defendants intentionally copied plaintiff s new formulation, especially its new ingredients, isoparaffin and DEA-cetyl phosphate salt, which are the subject of Chesebrough's '179 patent, in order to benefit from the fruits of plaintiff s efforts and creation.

103. Defendants continued to use isoparaffin and DEA-cetyl phosphate in their skin care lotion formulations after being sued for patent infringement on August 2, 1990.

104. Plaintiff's tests conducted on defendants' commercial formulation confirm that defendants' lotion, containing isoparaffin and DEA-cetyl phosphate in a relative ratio of 162.9:1, has a viscosity of 54.3, well within the range of 35 to about 90, as set forth in Claim 1 of the '179 patent.

105. From July 3, 1990, through April 1991, defendants made, used, and sold cosmetic emulsions containing isoparaffin and alkyl phosphate salt in ratios of 20:1, 40:1, and 162.9:1. All of these lotions fall within Claim 1 of the '179 patent.

106. Mr. Bowers testified that there are numerous ways to make bottle designs.

107. Chesebrough has many competitors in the skin care lotion market including Jergens, Nivea, Curel, and Keri. None of these competitors imitate or simulate the VICL bottle or the color combination used on the VICL bottle.

108. The U.S. Patent and Trademark Office has granted plaintiff U.S. Patent No. D318,037 for a bottle shape which is substantially identical to the revised VICL bottle.

109. Regarding the colors yellow, blue, and green, Mr. Bowers testified that there are numerous colors available for skin care lotion packaging. He also testified that when he decided to use this color combination, he knew that the VICL product was using these color combinations.

110. Ansehl produced numerous planning documents which discuss and track Ansehl's development of its revised skin care lotion packaging. None of these documents refers to defendants' assertion that the revised VICL bottle is functionally superior or that Ansehl copied the VICL bottle shape because of "functional" reasons.

111. For the six-month period of July 1989 to December 1989, plaintiff's sales for the revised VICL product exceeded $69,000,000. For the same period of time,

Chesebrough's advertising and promotional efforts exceeded $35,000,000. The focus of the advertising and promotional efforts was the revised VICL trade dress (bottle and label design).

112. A tracking study conducted for Chesebrough in April 1990 shows that consumers use the VICL product two or three times a day. Therefore, consumers had ample opportunity to be exposed to the revised VICL packaging during the six-month period which preceded entry of the defendants' Venture skin care lotion.

113. The tracking study also shows that 97% of users of hand and body skin care lotions recognize the revised VICL trade dress. This figure exceeded the recognition levels for other leading brands of skin care lotion, including Jergens, Curel, Nivea, and Keri.

114. Chesebrough commissioned a secondary meaning survey which was performed from May through July 1991, under the supervision and control of Dr. Jacob Jacoby, of SciRex, Inc. There were 550 persons interviewed throughout the country in nine geographic areas, including St. Louis, Missouri. The respondents were shown the new VICL bottle on which all textual material was obliterated, except for the ingredient list on the back and the bar code. The front of the bottle contained only the background blue, yellow, and green color scheme, without any other identifying materials. After viewing the bottle, the respondents were asked if they could identify the name of the lotion from looking at the bottle. The study was nondesigned and conducted according to the guides articulated in the Manual for Complex Litigation. See, Federal Judicial Center, Manual for Complex Litigation (5th ed. 1981) at page 116. Ninety-two percent of the respondents in St. Louis and 83% of the respondents throughout the country correctly identified the bottle as VICL.

115. Dr. Jacoby, plaintiff's expert and a professor of consumer psychology at New York University, testified that consumers only retain overall impressions of product

appearances, including bottle shapes and colors. The average consumer purchasing inexpensive consumer goods, such as skin care lotions, usually reviews the product for approximately three seconds.

116. The overall appearance of the parties' products is substantially identical. The following are common features of the trade dress of the products in issue:

> (1) The overall dimensions of the bottles (including the width and height of the face of the bottles), are within centimeters of each other;
> (2) the shoulders of the bottles are rounded;
> (3) the bottom areas of the bottles are tapered;
> (4) the closures on the bottles are oval, flip-top caps;
> (5) the bottles are colored the same shade of yellow;
> (6) the labels are virtually the exact size and shape;
> (7) the labels contain blue and green backgrounds with white lettering;
> (8) the labels contain the phrases "FREE" and "33% MORE" in virtually the same size lettering and in exactly the same colors; and
> (9) the only word trademarks appearing on the front labels of both bottles are Vaseline and Intensive Care.

117. At a trade show known as the Private Label Manufacturer's Association Conference ("PLMA"), Mr. Bowers showed a prototype of the Ansehl bottle to the trade. The prototype did not have any labels and was colored yellow. Mr. Bowers admitted that members of the trade told him that the prototype resembled the revised VICL bottle.

118. Mr. Gulledge corroborated Mr. Bowers' testimony. Mr. Gulledge was in attendance at the PLMA show and discussed the prototype with Mr. Bowers. Mr. Gulledge admitted that he wanted the prototype bottle for Venture's skin care lotion because it was similar to the revised VICL bottle.

119. Mr. Bowers admitted that the trade informed him that the Venture skin care lotion package, in its entirety, was similar in appearance to the revised VICL bottle.

120. Mr. Gulledge admitted that when he decided to use the comparison statement on the revised Venture bottle, he took into consideration the similarity between the Venture skin care lotion package and the revised VICL bottle.

121. Ansehl used its packaging, which mimicked the new VICL packaging, in sales presentations to obtain business.

122. Ansehl informed its customers that its new packaging "more closely resemble[s] the revised Intensive Care Lotion packaging" than the current packaging.

123. The parties' products are competitive and are often sold in the same store.

124. Chesebrough presented evidence of actual confusion. Chesebrough identified a consumer, Mrs. Beverly Sickles, who mistakenly purchased a skin care lotion, manufactured by Ansehl for Target Drug Stores, believing that it was produced by the manufacturer of VICL. The packaging of the Target product is substantially identical to the Venture packaging and is produced by defendant Ansehl. Both the Target and Venture products are packaged in a yellow bottle shaped the same as the VICL bottle and bear a blue and green label.

125. Mrs. Sickles explained that she purchased the Target product because, based upon the similarity of the appearance of the Target and VICL packaging, she believed the product was produced by the manufacturer of the VICL product.

126. Mrs. Sickles specifically mentioned that the shape of the bottle, in addition to the label and bottle colors, led her to believe that the Target lotion was a Chesebrough product.

127. Contrary to the testimony of defendants, Mrs. Sickles testified she believed that national brands manufacturers often produce store name products. Thus, she reasonably believed that the Ansehl skin care lotion was produced by the manufacturer of VICL.

128. Mrs. Sickles also testified that she reviewed the ingredients on the back of the store brand product and compared them with the ingredients on the back of the VICL product. The fact that the ingredients were identical further confirmed in her mind that the manufacturer of VICL produced the store brand product.

129. Defendants' expert witness, Mr. Fred Edwards, agreed that Mrs. Sickles experienced actual confusion by mistakenly believing that the Ansehl product was made by the manufacturer of VICL.

130. The record is clear that defendants took a calculated business risk to copy and imitate the entire commercial impression of the VICL trade dress.

131. On March 23, 1990 Chesebrough's trial counsel gave defendants May and Venture specific written notice of Chesebrough's trademark/trade dress rights and claims of infringement. On May 2, 1990, May responded on behalf of itself and Venture, informing plaintiff that it would not cease its infringing activities. Thus, defendants wilfully and knowingly infringed plaintiff s rights.

132. After being advised of Chesebrough's claims, Mr. Lynn Edwards, Ansehl's president, stated in a memorandum to Ansehl's Business Planning Group that Chesebrough was told to "stuff it".

133. Both parties' products are purchased by ordinary consumers. Thus, likelihood of confusion must be considered with the usual degree of consideration given by ordinary consumers in purchasing inexpensive items.

134. Defendants Ansehl and Venture removed the Venture name from the front label of the Venture skin care lotion product. Defendants offered no credible evidence in support of their contention that Venture lacks the right to use the name Venture on skin care lotion and related products. In fact, the record evidence shows that Venture has used its name on skin care and related products for several years.

135. Both Mr. Gulledge and Mr. Bowers admitted that the names VASELINE and INTENSIVE CARE are well-known to the public and they took this fact into consideration when they decided to use the statement "Compare to Vaseline Intensive Care." Both Mr. Gulledge and Mr. Bowers admitted that neither Ansehl nor Venture wanted to use the phrase "Compare to National Brand" even though this phrase has been used on other Venture products.

136. Both Mr. Gulledge and Mr. Bowers admitted that they wanted the comparison statement to be prominent.

137. The only word marks appearing upon the front of the Venture packaging are the words mark VASELINE and INTENSIVE CARE. The use of the marks VASELINE and INTENSIVE CARE in the context of the entire Venture package enhances consumer confusion.

138. Defendants used the federally registered trademarks VASELINE and INTENSIVE CARE without permission from plaintiff.

139. The registration symbol is placed next to the VASELINE and INTENSIVE CARE marks on Venture's packaging because Mr. Bowers realized that the registration symbol is used by plaintiff on its VICL packaging. However, Mr. Bowers admitted that he was not instructed to use the registration symbol for the federally registered Venture square logo trademark which appears on the Venture package, even though Mr. Bowers testified that federal registration of trademarks is very important.

140. The disclaimer in small print on the bottom of the rear label of the Venture packaging is inadequate to prevent confusion. In fact, based upon the testimony of Dr. Jacoby, consumers rarely, if ever, pay attention to disclaimers, particularly ones which are obscured on the labeling.

141. Furthermore, Dr. Jacoby's research indicates that consumers often misread or do not comprehend disclaimers since consumers often focus upon the word or words with which they are most familiar. Here, a consumer is quite likely only to focus upon the names VASELINE and INTENSIVE CARE, the most well-known words in the disclaimer. Therefore, the disclaimer could actually foster confusion.

142. Defendant Ansehl supplied major retailers throughout the country with skin care lotion products containing isoparaffin and DEA-cetyl phosphate in ratios of 20:1, 40:1, and 162.9:1 with a viscosity range of about 50 to 70 Brookfield units. The lotion is sold in a trade dress which is substantially similar to the trade dress of the revised VICL bottle.

143. The period for patent infringement began on July 3, 1990 (issuance of the '179 patent) and continued through April 1991. The period for trademark and trade dress infringement began in January 1990 and continues to the present.

144. Ansehl has sold and continues to sell products packaged in infringing trade dress to the following: Venture, Target, A.A.R.P., Various, Big Star, Caldor, Woolworth, McCrory, K-Mart, Thrift Drug, Topco, Grand Union, and Walmart.

145. From July 3, 1990 to date, Ansehl has produced 325,000 gallons of skin care lotion containing isoparaffin and DEA-cetyl phosphate in a relative ratio of up to 162.9:1.

146. Ansehl bottles approximately 29% of its skin care lotion in 16-ounce bottles, and approximately 71% in 20-ounce bottles.

147. Ansehl has filled a total of 94,170 gallons of lotion containing isoparaffin and DEA-cetyl phosphate in a relative ratio of up to 162.9:1 into 16-ounce bottles from July 3, 1990, to date.

148. Ansehl has filled a total of 230,750 gallons of lotion containing isoparaffin and DEA-cetyl phosphate in a relative ratio of up to 162.9:1 into 20-ounce bottles from July 3, 1990, to date.

149. Ansehl has manufactured and sold 62,779 dozen 16-ounce bottles of skin care lotion containing isoparaffin and DEA-cetyl phosphate in a relative ratio of up to 162.9:1.

150. Ansehl has manufactured and sold 122,739 dozen 20-ounce bottles of skin care lotion containing isoparaffin and DEA-cetyl phosphate in a relative ratio of up to 162.9:1.

151. Chesebrough's gross profit per dozen bottles of VICL Lotion is $18.73.

152. Chesebrough's potential lost profit due to defendants' sales of skin care lotion containing isoparaffin and DEA-cetyl phosphate in a relative ratio of up to 162.9:1 in 16-ounce bottles equals $1,175,850.

153. Chesebrough's potential lost profit due to defendants' sales of skin care lotion containing isoparaffin and DEA-cetyl phosphate in a relative ratio of up to 162.9:1 in 20-ounce bottles equals $2,298,901.

154. Chesebrough's total patent damages based upon potential lost profits from the date the '179 patent issued (July 3, 1990) through production of all 162.9:1 products by Ansehl equals $3,474,751.

155. VICL is the only commercially available non-infringing skin care lotion product which contains isoparaffin and DEA-cetyl phosphate and which has the benefits afforded by the '179 patent. Anyone who desires to use isoparaffin and DEA-

cetyl phosphate in a relative ratio of 162.9:1 and less in an aqueous cosmetic emulsion must obtain a license from Chesebrough.

156. Chesebrough had the manufacturing capacity to produce the 325,000 gallons of skin care lotion containing relative ratios of isoparaffin to DEAcetyl phosphate of up to 162.9:1 which Ansehl produced and sold from July 3, 1990, to date.

157. Chesebrough has a 23% market share of the skin care lotion market.

158. Chesebrough clearly would have sold at least its market share (23%) of Ansehl's infringing sales from the date the '179 patent issued (July 3, 1990). This 23% share of Chesebrough's lost profits due to the infringing sales equals $799,193.

159. From July 3, 1990, to date, Ansehl sold a total of 185,518 dozen bottles of lotion containing isoparaffin and DEA-cetyl phosphate in a relative ratio of up to 162.9:1.

160. Ansehl's average selling price per dozen bottles is $10.63.

161. Ansehl's total sales of lotion containing isoparaffin and DEA-cetyl phosphate in a relative ratio of up to 162.9:1 equals $1,972,056.

162. Ansehl's profit margin on its sales of skin care lotion equals 30%.

163. From January 1990 through September 4, 1991, Ansehl sold 2,495 dozen bottles of its skin care lotion to Venture. Ansehl's profits from sales of its infringing product to Venture equal $8,599.

164. No other skin care lotion products on the market, other than VICL (and its store brand imitators), contain isoparaffin and DEA-cetyl phosphate.

165. Chesebrough has never licensed the '179 patent.

166. There is no established royalty in the industry.

167. Mr. Barry testified that Chesebrough would not have licensed the '179 patent even at a 50% royalty rate since Chesebrough would receive substantially less profits from such royalties as compared to the $3,474,751 in profits it might have made on sales of the same unit amount of product by Ansehl.

168. Defendants have submitted conflicting figures as to the number of bottles sold by Kessler to Ansehl. Defendants' Exhibit S-1 sets forth sales by Kessler to Ansehl of 897,284 units totalling $115,632.

Conclusions of Law

1. Chesebrough has alleged substantial claims for patent infringement under 35 U.S.C. § 271, et seq., over which claims this Court has jurisdiction under 28 U.S.C. 1338(a).

2. Chesebrough has also alleged substantial claims for trademark and trade dress infringement, over which claims this Court has jurisdiction under 15 U.S.C. § 1121 and 28 U.S.C. § 1331 and 1338(a).

3. Chesebrough is the owner of the entire right, title, and interest in and to the Cheney, et al. patent, U.S. Patent No. 4,939,179 ("the '179 patent"), including all rights to recover damages for the infringement of said patent by defendants. 35 U.S.C. § 284.

4. Chesebrough is the owner of the entire right, title, and interest in and to U.S. Trademark Registration Nos. 44,790 and 140,345 for the trademark VASELINE; and 864,662 for the trademark INTENSIVE CARE, including all rights to

recover damages for the infringement of said trademarks by defendants. 15 U.S.C. § 1117.

5. Chesebrough is the owner of the entire right, title, and interest in and to the trade dress (overall appearance and commercial impression of Chesebrough's revised VASELINE INTENSIVE CARE hand and body lotion package), including all rights to recover damages for the infringement of said trade dress by defendants.

[1] 6. A patent owner's burden of proving patent infringement is proof by a preponderance of the evidence. *Rite-Hite Corp. v. Kelley Co., Inc.*, 819 F.2d 1120, 1123 (Fed.Cir.1987); *Hughes Aircraft Co. v. United States*, 717 F.2d 1351, 1361 (Fed. Cir. 1983); cf. *SSIH Equipment S.A. v. United States Int'l Trade Comm'n*, 718 F.2d 365, 376 (Fed. Cir. 1983).

[2] 7. A trademark or trade dress owner's burden of proving the trademark or trade dress has been infringed is proof by a preponderance of the evidence. *See David Sherman Corp. v. Heublein, Inc.*, 340 F.2d 377, 380-81 (8th Cir. 1965).

[3] 8. A patent and each of its claims is presumed valid, and the burden of establishing invalidity rests on the party asserting such invalidity. 35 U.S.C. § 282. This burden, which remains on the party asserting invalidity throughout and never shifts to the patent owner, is a heavy one requiring proof by clear and convincing evidence. *Bausch & Lomb, Inc. v. Barnes-Hind/Hydrocurve, Inc.*, 796 F.2d 443, 446 (Fed.Cir.1986), *cert. denied*, 484 U.S. 823, 108 S.Ct. 85, 98 L.Ed.2d 47 (1987); *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1443 (Fed.Cir.1984); *Hughes Aircraft v. United States*, 717 F.2d at 1359.

9. The Supreme Court recently has stated that the clear and convincing evidence standard requires the party having the burden to "place in the ultimate factfinder an abiding conviction that the truth of its factual contentions are 'highly probable.'" *Colorado v. New Mexico*, 467 U.S. 310, 316, 104

S.Ct. 2433, 2437, 81 L.Ed.2d 247 (1984) (quoting) C. McCormick, Law of Evidence, § 320, p. 679 (1954), *reh'g denied*, 468 U.S. 1224, 105 S.Ct. 19, 82 L.Ed.2d 915 (1984).

[4] 10. The presumption of validity is premised on the expertise possessed by the Patent and Trademark Office in interpreting technical references and having familiarity with the level of ordinary skill in the art. *Bausch & Lomb*, 796 F.2d at 447; *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359 (Fed.Cir.), *cert. denied*, 469 U.S. 821; 105 S.Ct. 95, 83 L.Ed.2d 41 (1984).

[5] 11. This presumption of validity requires the Court to employ a decisional approach that starts with acceptance of the patent as valid, and then looks to the party asserting invalidity for clear and convincing proof of the contrary. 35 U.S.C. § 282. An entire de novo evaluation of validity, as though the examining process of the Patent and Trademark Office had not occurred or is not entitled to substantial weight, would be improper. *See Leinoff v. Louis Milona & Sons, Inc.*, 726 F.2d 734, 738 (Fed. Cir. 1984).

[6] 12. The burden of establishing invalidity is also harder to carry when the prior art relied upon by the party attempting to prove invalidity is the same prior art or merely cumulative to that already considered by the Patent and Trademark Office in its examination of the patent. *Bausch & Lomb, Inc. v. Barnes-Hind/Hydrocurve, Inc.*, 796 F.2d at 447; *Hughes Aircraft v. United States*, 717 F.2d at 1359. In this case, defendants' defense of obviousness against the '179 patent is based on the same or cumulative prior art.

[7] 13. The party asserting a defense that the patent is unenforceable due to inequitable conduct before the Patent and Trademark Office also carries the heavy burden of proof by clear and convincing evidence. *W.L. Gore & Assoc., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 1558 (Fed.Cir.1983), *cert. denied*, 469 U.S. 851, 105 S.Ct. 172, 83 L.Ed.2d 107 (1984); *Environmental Designs, Ltd. v. Union Oil Co. of Cal.*, 713 F. 2d 693, 698

(Fed. Cir. 1983), *cert. denied*, 464 U.S. 1043, 104 S.Ct. 709, 79 L.Ed.2d 173 (1984).

[8] 14. The proper interpretation of patent claims is fundamental to any evaluation of both the validity and infringement of a patent. The claims are the legal definition of the invention covered by the patent. *See SRI Int'l v. Matsushita Electric Corp.*, 775 F.2d 1107, 1121 (Fed.Cir. 1985). While there are certain statutory requirements that a patent must fulfill, it is the claims in particular which are judged as valid or invalid over the prior art, and as infringed or not infringed by an accused device. *Id.*; *Jackson Jordan, Inc. v. Plasser American Corp.*, 747 F.2d 1567, 1578 (Fed. Cir. 1984). Each claim of a patent is a separate definition of the invention and is presumed valid independently of the validity of other claims. 35 U.S.C. § 282.

[9] 15. In addition to the claims, the specification of a patent must include a written description and drawings of an exemplary embodiment and the best mode for carrying out the claimed invention known at the time of filing the application for the patent. 35 U.S.C. § 112. The exemplary embodiment serves to illustrate only an example of what the claims are intended to cover, and the claims are not to be limited to exemplary embodiments or specific examples in the specification. *SRI Int'l*, 775 F.2d at 1121; *Palumbo v. Don-Joy Co.*, 762 F.2d 969, 977 (Fed. Cir. 1985); *Fromson v. Advance Offset Plate, Inc.*, 720 F.2d 1565, 1568 (Fed. Cir. 1983), *aff'd in part, rev'd in part*, 755 F.2d 1549 (Fed. Cir. 1985); *Quantum Corp. v. Mountain Computer, Inc.*, 5 U.S.P.Q.2d 1103, 1108, 1987 WL 45645 (N.D. Cal. 1987).

[10][11] 16. Claim interpretation is a question of law. *Perini America, Inc. v. Paper Converting Mach. Co.*, 832 F.2d 581, 584 (Fed.Cir.1987); *Loctite Corp. v. Ultraseal Ltd.*, 781 F.2d 861, 866 (Fed. Cir. 1985). A claim is interpreted in light of the written description, drawings, the other claims of the patent and its prosecution history in the Patent and Trademark Office. *Loctite*, 781 F.2d at 867; *McGill, Inc. v. John Zink Co.*, 736 F.2d 666, 673-675 (Fed. Cir. 1984). The words of a claim

are given their plain and ordinary meaning in the art, unless the patentee has chosen to give a word a special definition. *Envirotech Corp. v. Al George, Inc.*, 730 F.2d 753, 759 (Fed. Cir. 1984); see also *Fromson v. Advance Offset*, 720 F.2d at 1569.

[12] 17. Use of the word "about" in a claim is appropriate where the claim contains a range of components with no absolute boundaries. *See Amgen, Inc. v. Chugai Pharmaceutical Co.*, 927 F.2d 1200, 1217-18 (Fed. Cir. 1991), *cert. denied*, — U.S — 112 S.Ct. 169, 116 L.Ed.2d 132 (1991). In *Amgen*, the Court of Appeals for the Federal Circuit stated that use of the word "about" in a claim is only limited to the extent that prior art exists, that is, prior art which would limit broad interpretation of the claim. *Id.* at 1218. In the present case, Claim 1 teaches that there is no exact or precise ratio of isoparaffin to DEA-cetyl phosphate which is necessary to obtain the teachings of the results of the patent. There was no prior art referred either during the prosecution of the patent or by the defendants, or by the Court's appointed expert, or by this Court which would limit Claim 1 of the '179 patent solely to aqueous cosmetic emulsions or skin care lotions which have a ratio of isoparaffin to DEA-cetyl phosphate of between 40:1 and 1:1.

[13] 18. Literal infringement is established if an accused product falls within the words of a claim of the patent. *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 607, 70 S.Ct. 954, 855, 94 L.Ed. 1097 (1950).

[14] 19. As noted above, Claim 1 describes the invention as aqueous cosmetic emulsions containing isoparaffin and DEA-cetyl phosphate in ratios of about 40:1 to about 1:1 and having a viscosity ranging from 35 to about 90 Brookfield Units. There is nothing in the prior art or the file history of the '179 patent which would impose a strict limitation on the interpretation of the word "about." *See Amgen v. Chugai Pharmaceutical*, 927 F.2d at 1218. To impose a strict limitation on Claim 1 would be to improperly use an exemplary embodiment, namely, ratios of 40:1, rather than the claim itself which uses the word "about" as the metes and bounds of the

invention. *SRI Int'l v. Matsushita Electric*, 775 F.2d at 1121; *Palumbo v. Don-Joy*, 762 F.2d at 977; *Fromson v. Advance Offset*, 720 F.2d at 1568; *Quantum Corp. v. Mountain Computer*, 5 U.S.P.Q.2d at 1108 (N. D. Cal. 1987). Indeed, testimony of the inventors shows that they were unsure as to the exact metes and bounds of the invention and thus used the word "about" to show that the teachings of the invention could be obtained by using other ratios. Prior to this litigation, the inventors themselves had only tested lotions containing isoparaffin and DEA-cetyl phosphate in ratios up to but not exceeding 40:1.

20. In order literally to infringe Claim 1, defendants must make, use, or sell a skin care formulation which is an "aqueous cosmetic emulsion." 35 U.S.C. § 271(a). Testimony from the inventors indicates that an emulsion is a mixture which is stable and will not readily break up.

[15] 21. Based upon the testimony, the Court finds that defendants' skin care lotion products having ratios of isoparaffin to DEA-cetyl phosphate of 162.9:1, 40:1, and 20:1 literally infringe Claims 1-10 of the '179 patent. Accordingly, plaintiff is entitled to damages starting from July 3, 1990, the date of the issuance of the patent. See 35 U.S.C. § 284.

[16][17] 22. The Doctrine of Equivalents exists for the equitable purpose of preventing an infringer from stealing the benefit of an invention. Under the Doctrine of Equivalents, an accused formulation that does not literally include every element of a claim may be found to infringe if it performs substantially the same function in substantially the same way to obtain substantially the same result as the claimed invention. *Graver Tank v. Linde Air*, 339 U.S. at 608-10, 70 S.Ct. at 856-57; *Hughes Aircraft v. United States*, 717 F.2d at 1361; *Pennwalt Corp. v. Durand-Wayland, Inc.*, 833 F.2d 931, 934 (Fed. Cir. 1987), *cert. denied*, 485 U.S. 961, 108 S.Ct. 1226, 99 L.Ed.2d 426 (1988). Equivalence is an issue of fact. *Graver Tank v. Linde Air*, 339 U.S. at 609, 70 S.Ct. at 856; *D.M.I., Inc. v. Deere & Co.*, 755 F. 2d 1570, 1575 (Fed. Cir. 19 85).

[18] 23. Defendants have duplicated the most important attributes of Chesebrough's VICL product. Defendants use the isoparaffin and DEA-cetyl phosphate ingredients in a ratio which produces viscosity within the range of 35 to about 90 Brookfield Units set forth in Claim 1 of the '179 patent.

24. Defendants' use of isoparaffin and DEA-cetyl phosphate in a relative ratio of 162.9:1 performs substantially the same function (enhancement of viscosity despite reduction of mineral oil content), in substantially the same manner (a remarkable viscosity increase due to the unique interaction of isoparaffin with DEA-cetyl phosphate), to obtain substantially the same results (a low mineral oil skin care lotion which has the viscosity claimed in the '179 patent without a greasy, heavy feel). *Graver Tank*, 339 U.S. at 608-10, 70 S.Ct. at 855-57.

25. The Court finds that defendants' skin care lotion product, at a ratio of 162.9:1, is the equivalent of plaintiff's '179 patent. Mr. Benkendorf, Ansehl's chemist who was instructed to match plaintiff's formula, admitted that the lotion in ratios of 162.9:1 has substantially similar properties to Chesebrough's lotion. The analysis of defendants' skin care lotion product which contains isoparaffin and DEA-cetyl phosphate at a relative ratio of 162.9:1 conducted by Mr. Ziegler confirmed Mr. Benkendorf's statement. Defendants' analysis of defendants' lotion with a ratio of 162.9:1 confirmed that defendants' lotion is an aqueous cosmetic emulsion containing isoparaffin and DEA-cetyl phosphate with a viscosity of 57 Brookfield Units, clearly within Claim 1 of the '179 patent. At the same time, defendants have successfully been able to minimize the amount of mineral oil in the formulations, thereby achieving the desirable effect of a less greasy stable product, which was the objective of the '179 patent.

In his findings filed with the Court on October 4, 1991, Professor Staffer stated:

> The Defendant[s'] charge that the 162:1 formulation was outside of the patent claim was addressed by Defendant[s'] witness Mr.

> Beckendorf on Sept. 25, 1991. He went into a lengthy testimony as to why the 162:1 was outside the patent's claims. He referred to Defendant[s'] exhibit A-7 and to a specific formulation manufactured on 4/9/91. He went to great lengths to compare viscosities for several formulations manufactured for test purposes. There was one used as a standard with all ingredients, one without DEA, one without isoparaffin, one without either DEA or isoparaffin. He compared the viscosities etc. for these systems and testified that since there was no viscosity change in this set of formulations, that the iso to DEA ratio of 162:1 was outside of the patent claims. I had problems with this testimony. I went back and checked the records shown in Defendant[s'] exhibit A-7 and found that the iso to DEA ratio was 20,000 Gms. 20,000 divided by 0.008 equals 2500 not 162. Thus this set of data is for a formulation of 2500:1 which is very close to the 2600:1 ratio which the Plaintiff already admits is outside the claims of the patent. Thus I can say that no substantial evidence was presented by the Defendant[s] to invalidate the patent or to support their claim that the 162:1 ratio was outside of the claims of the patent. (emphasis in original).

26. Defendants' ratio of isoparaffin to DEA-cetyl phosphate, which performs substantially the same function, in substantially the same manner, to obtain substantially the same results, infringes Claim 1 of the '179 patent under the Doctrine of Equivalents.

[19] 27. A patent can be held invalid under 35 U.S.C. § 103 only if there is clear and convincing proof that the differences between the claimed subject matter and the prior art are such that the claimed subject matter as a whole would have

been obvious at the time the invention was made, to a person of ordinary skill in the art to which the invention pertains.

[20] 28. Obviousness is a conclusion of law based upon fact determinations. *Graham v. John Deere Co.*, 383 U.S. 1, 17, 86 S.Ct. 684, 693, 15 L.Ed.2d 545 (1966). Those fact determinations require determining (1) the scope and content of the prior art, (2) the differences between the prior art and the claims at issue, (3) the level of ordinary skill in the art to which the invention pertains, and (4) additional evidence which may serve as indicia of nonobviousness. Id. Such additional evidence may include the invention's satisfaction of previously recognized and unsolved needs, acceptance and copying of the invention by those commenced with the subject matter, commercial success, and failure of others to solve the problems which the invention remedied. Id. at 17-18, 86 S.Ct. at 693-94. Against this background, the obviousness or nonobviousness of the subject matter of the '179 patent must be determined. *Id. Environmental Designs v. Union Oil*, 713 F.2d at 695; *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1566 (Fed.Cir.), *cert. denied*, 481 U.S. 1052, 107 S.Ct. 2187, 95 L.Ed.2d 843 (1987).

[21][22] 29. Obviousness is judged by whether or not the invention as a whole would have been obvious to a person of ordinary skill in the art at the time of the invention--not to the judge, or to a layman, or to those skilled in remote arts, or to geniuses in the art at hand. *Custom Accessories, Inc. v. Jeffrey-Allan Indus.*, 807 F.2d 955, 962 (Fed.Cir.1986). "The person of ordinary skill is a hypothetical person who is presumed to be aware of all the pertinent prior art. The actual inventor's skill is not determinative." Id. Accordingly, the prior art references relied upon by defendants are to be read and understood from the viewpoint of a person of ordinary skill in the art, without reading into that art the teachings of the patented invention. *Id.* at 962-63; *Environmental Designs*, 713 F.2d at 697; *Leinoff v. Louis Milona*, 726 F.2d at 739.

[23] 30. Factors that may be considered in determining the level of ordinary skill in the art include:

(1) the educational level of the inventor;
(2) the type of problems encountered in the art;
(3) prior art solutions to those problems;
(4) the rapidity with which innovations are made;
(5) the sophistication of the technology; and
(6) the educational level of active workers in the field.

Not all such factors may be present in every case, and one or more of these or other factors may predominate in a particular case. The important consideration lies in the need to adhere to the statute, i.e., to hold that an invention would or would not have been obvious, as a whole, when it was made, to a person of "ordinary skill in the art." *Environmental Designs v. Union Oil*, 713 F.2d at 696-97.

[24][25] 31. In determining obviousness or nonobviousness of the patent, defendants' use of hindsight to select isolated elements from the prior art and combine them in the way discovered by plaintiff, is improper. *Orthopedic Equipment Co. v. United States*, 702 F.2d 1005, 1012 (Fed. Cir. 1983). A prior art reference is to he considered as a whole, and portions against or teaching away from the claimed invention must also be considered. *Bausch & Lomb v. Barnes-Hind/ Hydrocurve*, 796 F.2d at 448. Moreover, obviousness cannot be established by combining the teachings of prior art to produce the claimed invention absent some teaching, suggestion or incentive supporting the combination. *Carella v. Starlight Archery and Pro Line Co.*, 804 F.2d 135, 140 (Fed. Cir. 1986).

[26] 32. It would not have been obvious to combine the prior art references relied upon by defendants for a number of reasons. First and foremost among these reasons is that there is simply nothing in those references suggesting that their teachings could be successfully combined to yield advantageous results in the '179 patent. *In re Sernaker*, 702 F.2d 989, 995-96 (Fed. Cir. 1983); *ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572, 1577 (Fed. Cir. 1984). The test under 35 U.S.C. § 103 is not what "one might contemplate" doing based on the

prior art references. *Medtronic, Inc. v. Cardiac Pacemakers, Inc.*, 721 F.2d 1563, 1581-82 (Fed. Cir. 1983).

[27] 33. Further, in determining the obviousness or nonobviousness of an invention, the test is not whether it would have been "obvious to try" the specific combination of steps or elements that led to plaintiff s claimed subject matter. This so-called "obvious to try" approach has been consistently rejected as a test of obviousness. *Jones v. Hardy*, 727 F.2d 1524, 1530 (Fed. Cir. 1984); *In re Geiger*, 815 F.2d 686, 688 (Fed.Cir.1987); *In re Yates*, 663 F.2d 1054, 1057 (C.C.P.A.1961); *In re Goodwin*, 576 F.2d 375, 377 (C.C.P.A.1978), *aff'd*, 599 F. 2d 1060 (C.C.P.A. 1979).

34. Defendants' failure to present any evidence that anyone in this country prior to June 1989 (the filing date of the application for the '179 patent) ever used isoparaffin in combination with DEA-cetyl phosphate to obtain increased viscosity without the greasiness of mineral oil means that defendants' obviousness attack against plaintiff's invention must fail. *Fromson v. Advance Offset*, 720 F.2d at 1556; see also *Bausch & Lomb v. Barnes-Hind/ Hydrocurve*, 796 F.2d at 448; *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1575 (Fed. Cir. 1986); *In re Piasecki*, 745 F.2d 1468, 1474 (Fed. Cir. 1984). The Federal Circuit has aptly applied the adjective "bizarre" to the argument that the claimed subject matter of a patent was merely an "obvious extension" of known technology when no one skilled in the art attempted such "extension" even though the economic advantages of the known technology were publicly available. *Fromson*, 720 F.2d at 1557. The Court further pointed out that it was "not insignificant" that the witness who claimed to have been "aware of" the prior art at the time of the invention of the patent in dispute never developed or even experimented with the claimed subject matter. *Id.* at 1557-58; see also *Rosemount, Inc. v. Beckman Instruments, Inc.*, 727 F.2d 1540, 1546 (Fed. Cir. 1984); *Panduit v. Dennison Mfg.*, 810 F.2d at 1571; *State Indus., Inc. v. Mor-Flo Indus., Inc.*, 639 F.Supp. 937, 945 (E.D.Tenn. 1986).

35. The widespread consumer acceptance and resulting commercial success of the invention claimed in the '179 patent, and its displacement of the prior skin care lotion which contained greater amounts of mineral oil and less glycerine, serves as additional evidence and buttresses a conclusion of nonobviousness. *Austin v. Marco Dental Prods., Inc.*, 560 F.2d 966, 972 (9th Cir. 1977), *cert. denied*, 435 U.S. 918, 98 S.Ct. 1477, 55 L.Ed.2d 511 (1978); *Smith v. Goodyear Dental Vulcanite Co.*, 93 U.S. 486, 23 L.Ed. 952 (1876).

36. Defendants have failed to prove clearly and convincingly, in the face of the examination and confirmation of plaintiff's patent by the U.S. Patent and Trademark Office, that the differences between the invention defined by the claims in suit of the '179 patent and the prior art are such that the invention claimed would have been obvious in 1989 to a person of ordinary skill in the art.

[28] 37. The requirement of patent applicants and their counsel to maintain a duty of candor to the U.S. Patent and Trademark Office during prosecution of a patent application has its basis in 37 C.F.R. § 1.56(a). This rule states that those who practice before the Patent and Trademark Office have a duty to "disclose to the Office information they are aware of which is material to the examination of the application." *Id.* Known information is material "where there is a substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a patent." *Id.* It is clear, however, that an applicant for a patent is under no obligation to disclose all "pertinent" prior art or other "pertinent" information of which he is aware as that ignores the requirement of materiality. *American Hoist v. Sowa*, 725 F.2d at 1362.

[29][30] 38. In determining whether conduct during prosecution of a patent application renders the resulting patent unenforceable, the materiality of the omission or misrepresentation is balanced against the level of intent with which the action or lack thereof was taken. *Id.* at 1363. Where it is demonstrated that a reasonable examiner would merely have

considered particular information to be important but not crucial to his decision not to reject, a showing of facts which would indicate something more than gross negligence or recklessness is generally required to justify holding the patent invalid or unenforceable, and good faith judgment or honest mistake may be a sufficient defense. *Id.*

39. Defendants are unable to prove any material impropriety in plaintiff's disclosure of relevant prior art (which includes the Coopersmith and Merritt patents) during the prosecution of the original application.

[31] 40. Nor can defendants establish any improprieties in the arguments for patentability plaintiff presented to the Patent Examiner. The mere fact that a patent application attempted to distinguish the claimed invention from the prior art does not constitute a material omission or misrepresentation. The Examiner is always free to reach his or her own conclusions regarding the claimed invention based upon the art in front of him or her. *Akzo N.V. v. U.S. Int'l Trade Comm'n*, 808 F.2d 1471, 1482 (Fed. Cir. 1986), *cert. denied*, 482 U.S. 909, 107 S.Ct. 2490, 96 L.Ed.2d 382 (1987).

41. The degree of materiality and intent from these events, taken separately or together, are totally insufficient to support a legal conclusion of inequitable conduct. *State Indus. v. Mor-Flo Indus.*, 639 F.Supp. 937; *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1454-53 (Fed. Cir. 1984).

[32] 42. Under Title 35 of the United States Code, plaintiff is entitled to recover from defendants its damages adequate to compensate plaintiff for defendants' infringement of the '179 patent. 35 U.S.C. § 284; *Del Mar Avionics, Inc. v. Quinton Instrument Co.*, 836 F.2d 1320, 1326 (Fed. Cir. 1987); see also *Hartness Int'l, Inc. v. Simplimatic Eng'g Co.*, 819 F.2d 1100, 1112 (Fed. Cir. 19 87).

[33] 43. The plaintiff is to be restored financially to the position it would have been in but for the infringement. *Del Mar Avionics v. Quinton Instrument*, 836 F.2d at 1320. In the

present case, plaintiff seeks patent damages in an amount equal to its lost profits due to defendants' infringing sales.

44. Defendants were provided notice of plaintiff's pending patent as of December 16, 1989, when plaintiff first placed the words "patent pending" on the back of its skin care lotion bottles. This marking serves to notify defendants that the marked articles are not in the public domain and may be subject to inchoate patent rights and future protection. 1 P. Rosenberg, Patent Law Fundamentals, § 2.09 at 2-18-4 (1991).

[34] 45. When the amount of damages cannot be ascertained with precision, any doubts regarding the amount must be resolved against the infringer. Doubts regarding the amount of damages also rest on the infringer when the inability to ascertain plaintiff's damage is due to the infringer's failure to keep accurate or complete records. *Beckman Instruments, Inc. v. LKB Produkter AB*, 703 F.Supp. 408 (D.Md. 1988), *aff'd in part, vacated in part*, 892 F.2d 1547 (Fed.Cir. 1989).

46. Plaintiff asserts it is entitled to recover as a measure of damages its lost profits caused by defendants' infringement of the '179 patent. *King Instrument Corp. v. Otari Corp.*, 767 F.2d 853, 863 (Fed. Cir. 1985), *cert. denied*, 475 U.S. 1016, 106 S.Ct. 1197, 89 L.Ed.2d 312 (1986). See also *Bic Leisure Prods. v. Windsurfing Int'l, Inc.*, 761 F. Supp. 1032, modified, 774 F.Supp. 832 (S.D.N.Y. 1991).

[35] 47. Plaintiff bears the burden of proving lost profits by a reasonable probability. *King Instruments v. Otari*, 767 F.2d at 863. That is, that but for the defendants' infringing sales of skin care lotion containing isoparaffin and DEA-cetyl phosphate in a relative ratio of up to 162.9:1, plaintiff would have made those sales. *Id.*

[36] 48. The proper measure of damages is the profits lost by the patentee as a result of the infringement. See *Panduit Corp. v. Stahlin Bros. Fibre Works, Inc.*, 575 F.2d 1152, 1156 (6th Cir.1978); *Bic Leisure v. Windsurfing Int'l.*, 761 F.Supp. at 1033.

[37] 49. The guidelines set forth in Panduit generally provide that to obtain lost profits, the patent owner must prove: (1) a demand for the patented product during the period of infringing sales; (2) an absence of acceptable noninfringing substitutes; (3) the patent owner had the ability to meet the demand for the product covered by the patent; and (4) the amount of profit the patent owner would have made.

50. The Court finds that the demand for the VICL product among consumers during the period of infringement has been and continues to be high. The Court finds further that plaintiff had and continues to have the capability to manufacture and market the VICL product to meet consumer demand filled by defendants' infringing product. *Bic Leisure v. Windsurfing Int'l*, 761 F.Supp. at 103738.

[38][39] 51. However, the Court finds that plaintiff cannot prove the second or fourth parts of the *Panduit* formulation. Plaintiff asserts that there is a reasonable probability that it would have made the sales made by defendants. Plaintiff has submitted evidence that its lost profit due to defendants' infringing sales equals $3,474,751. The Court rejects plaintiffs assertion that, but for defendants' infringing sales, plaintiff would have made that total number of sales. Plaintiff's assertion assumes that, absent the Venture skin care lotion product, each and every purchaser of the Venture product would have purchased the VICL product. While plaintiff is not required to prove causation as a certainty or to negate all possibilities that a purchaser might purchase a different product, or might have foregone the purchase altogether, plaintiff must show with a reasonable probability that it would have made the infringing sales made by defendants. *King Instruments v. Otari*, 767 F.2d 853, 864 (Fed.Cir.1985).

[40] 52. In the alternative and assuming there are noninfringing substitutes for the VICL product, plaintiff is entitled to at least 23% (which represents its market share in the skin and body lotion market) of the number of unit sales of VICL made by defendants times the plaintiff's margin for the VICL product. *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 939 F.2d

1540, 1545-46 (Fed. Cir. 1991); *BIC Leisure Products*, 761 F.Supp. at 1036.

[41] 53. Generally, the Court would find that plaintiff was entitled to damages in the amount of a reasonable royalty for the use made of the invention by the infringer, together with interest and costs a fixed by the Court. 35 U.S.C. § 284.

54. A reasonable royalty is the amount of money which the owner of a patent would accept to license his patent and the amount a person would be willing to pay for the license. *State Industries v. Mor-Flo*, 883 F.2d at 1580. However, the setting of a reasonable royalty after infringement cannot be treated as the equivalent of ordinary royalty negotiations among truly willing patent owners and licensees. *Moxness Prods., Inc. v. Xomed, Inc.*, 8 U.S.P.Q.2d 1281, 1294 (M.D. Fla. 1988), *aff'd in part, rev'd in part*, 891 F.2d 890, 13 U.S.P.Q.2d 1169 (Fed. Cir. 1989); *Beckman v. LKB*, 703 F.Supp. 408.

55. In the present case, the Court notes the absence of an established royalty in the industry and cannot speculate as to what the parties would have willingly agreed to if license negotiations had taken place prior to the infringement. The Court finds that an amount of damages based on plaintiffs established market share is appropriate in this case. Based on the facts set forth in plaintiff s Exhibit 636 and the supplement thereto, as well as other exhibits filed herein, and the testimony by plaintiff's damage expert, Mr. Donald Barry, plaintiffs 23% market share of defendants' infringing sales equals $799,193.

56. In addition to the recovery of compensatory damages, plaintiff is entitled to an award of prejudgment interest, increased damages (up to three times actual damages), and reasonable attorney's fees. 35 U.S.C. §§ 284, 285.

[42] 57. Plaintiff is entitled to prejudgment interest from the date of infringement to the date of judgment. *Nickson Indus., Inc. v. Rol Mfg. Co.*, 847 F.2d 795, 800 (Fed. Cir. 1988). An appropriate and convenient rate to use for prejudgment interest is the prime rate. *Gorenstein Enter. v.*

Quality Care, 874 F.2d 431, 437 (7th Cir. 1989). The Court will apply the prime rate in this case at the established rate at the time of infringement. The Court notes that on July 3, 1990, the prime rate was 10%.

[43] 58. Plaintiff is entitled to recover reasonable attorney's fees under 35 U.S.C. § 285. Attorney's fees are granted where defendants have willfully infringed. *Ryco, Inc. v. Ag-Bag Corp.*, 857 F.2d 1418, 1429 (Fed. Cir. 1988); *Del Mar Avionics v. Quinton Instrument*, 836 F.2d at 1329; *Spindelfabrik Suessen-Schurr, Stahlecker & Grill GmbH v. Schubert & Salzer Maschinenfabrik AG*, 829 F.2d 1075, 1085 (Fed. Cir. 1987) *cert. denied*, 484 U.S. 1063, 108 S.Ct. 1022, 98 L.Ed.2d 987 (1988); *Bott v. Four Star Corp.*, 807 F.2d 1567, 1574 (Fed. Cir. 1986). Under the circumstances of this case, defendants specifically acted to match plaintiff's lotion and continued willfully to infringe after the lawsuit was filed on August 2, 1990. Accordingly, this Court finds that plaintiff is entitled to treble damages in the amount of $2,397,579, attorney's fees, and costs, as well as prejudgment interest at the above-noted rate from the date of infringement to the date of judgment.

59. The patent statute empowers the Court to "grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the Court deems reasonable." 35 U.S.C. § 283. Plaintiff is entitled to an injunction under 35 U.S.C. § 283 enjoining defendants from making, using, or selling a skin care lotion containing isoparaffin and DEA-cetyl phosphate in a relative ratio of up to 162.9:1.

[44] 60. In an action for trade dress infringement, plaintiff must establish three elements: (1) that the trade dress is nonfunctional; (2) that the trade dress has acquired secondary meaning or consumer recognition; and (3) that the defendants' use of a similar trade dress is likely to cause confusion as to the source of the products sold by defendant. *Truck Equipment Service Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1217-20 (8th Cir.), *cert. denied*, 429 U.S. 861, 97 S.Ct. 164, 50 L.Ed.2d 139 (1976).

[45][46] 61. A product's trade dress is nonfunctional if competitors can compete effectively without copying the plaintiff's trade dress. *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1337 (C.C.P.A.1982); *Truck Equipment*, 536 F.2d at 1217-18; *Contour Chair Lounge Co. v. True-Fit Chair, Inc.*, 648 F.Supp. 704 (E.D.Mo.1986). There is no legitimate competitive need to sell skin care lotion in a container having the precise shape and appearance of the VICL packaging.

62. Defendants assert that plaintiff's relaunched VICL container is functional and said functionality is an important ingredient in its commercial success. The Court notes that while there is some evidence that plaintiff considered certain functional aspects of its relaunched container, said functionality does not rise to a level so as to permit its imitation in the interest of free competition. *Truck Equipment*, 536 F.2d at 1217, 1218. Plaintiff submitted evidence of numerous competitors in the skin care lotion market who effectively compete in the market using substantially different shaped bottles. The Court finds that the relaunched VICL bottle was primarily adopted for purposes of identification and individuality. *Id.*

[47] 63. In addition, the U.S. Patent and Trademark Office has granted to Chesebrough a design patent (U.S. Patent No. D318,037) on the defendants' revised bottle, which is substantially similar to the revised VICL bottle. The fact that Chesebrough owns this design patent raises a presumption that the revised VICL bottle design is not functional. *In re Morton-Norwich Prods.*, 671 F.2d at 1342 n. 3.

[48][49] 64. Intentional copying of a product's trade dress raises an inference that secondary meaning exists. *Midway Mfg. Co. v. Dirkschneider*, 543 F.Supp. 466, 486 (D.Neb. 1981). As noted in *Midway*, the only reasonable motivation for such conscious imitation would be to take advantage of the secondary meaning associated with the design. *Id.* There is overwhelming evidence in this case that defendants deliberately copied plaintiffs trade dress for financial gain. Thus, there exists a strong inference that the revised VICL packaging acquired secondary meaning before defendants infringed. *Id.* at 486; *Truck*

Equipment Serv. Co. v. Fruehauf Corp., 536 F.2d 1210 (8th Cir.1976); *OSEM Food Industries v. Sherwood Foods, Inc.*, 917 F.2d 161 (4th Cir. 1990).

65. Before defendants entered the market with the accused packaging, plaintiff had sold over $69,000,000 of VICL in the revised packaging and had spent $35,000,000 in advertising and promotional expenses. These figures indicate that the trade dress had widespread secondary meaning before defendants began their infringing acts. See *J. McCarthy, Trademarks and Unfair Competition*, § 15:20 at 701-02 (2d ed. 1984).

66. There is also substantial evidence that purchasers of plaintiff's VICL use the product at least three or four times a day. Under these circumstances, consumers had extensive exposure to the revised VICL package before defendants' infringement. The evidence of secondary meaning is further buttressed by the 1990 tracking study performed by Chesebrough which showed that 97% of the respondents recognized the revised VICL bottle.

67. The results of this tracking study are overwhelmingly supported by Dr. Jacoby's secondary meaning study. Dr. Jacoby showed that 83% of the consumers nationwide (92% in the St. Louis area) who were shown the revised VICL trade dress, without the VASELINE and INTENSIVE CARE trademarks or any other textual materials, recognized the packaging as VICL. Generally, figures over 50% are regarded as clearly sufficient evidence of secondary meaning. 2 J. McCarthy, § 32:54 at 786. This Court awards substantial weight to properly conducted surveys. *Gilbert/Robinson, Inc. v. Carrie Beverage-Missouri, Inc.*, 758 F.Supp. 512, 524 (E. D. Mo. 199 1).

68. Accordingly, the Court finds that the revised trade dress had secondary meaning at the time defendants began their infringing activities in January 1990, and that the revised VICL trade dress continued to have secondary meaning after the infringement occurred.

69. The same Squirtco factors used to determine trademark infringement are applicable in trade dress infringement cases under Section 43(a) of the Lanham Act. *Contour Chair v. True-Fit*, 648 F.Supp. at 713-14.

[50] 70. In order to determine whether a likelihood of confusion exists between the trade dress of two products, the following factors must be examined: (1) the strength of the plaintiff s mark; (2) similarity of the marks; (3) similarity of the products; (4) the competitive proximity of the products; (5) the defendants' intent; and (6) instances of actual confusion. *Squirtco v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980).

[51] 71. The evidence presented by Chesebrough regarding secondary meaning proves that the VICL trade dress is a "strong mark." See *Charles of the Ritz Group, Ltd. v. Quality King Distrib., Inc.*, 832 F.2d 1317 (2d Cir. 1987). Strong marks are entitled to a wide scope of protection. Squirtco, 628 F.2d at 1091.

[52] 72. The parties' respective trade dress must be compared as they would be viewed by an ordinary, non-discerning purchaser. *Chesebrough Mfg. Co. v. Old Gold Chem. Co.*, 70 F.2d 383, 384 (6th Cir.), *cert. denied*, 293 U.S. 599, 55 S.Ct. 116, 79 L.Ed. 691 (1934); 2 J. McCarthy, § 23:27.

73. The Court concludes that the trade dress of VICL packaging and the Venture packaging are extremely similar.

[53] 74. Where the trade dress at issue is for inexpensive products, the risk of confusion is increased. *Midway v. Dirkschneider*, 543 F.Supp. 466. This is because consumers take less care in shopping for and selecting inexpensive products. *Id.* See also *Sun-fun Products, Inc. v. Suntan Research & Dev., Inc.*, 656 F.2d 186, 191-92 (5th Cir.1981) (suntan lotions are inexpensive and bought casually); *Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 926-27 (10th Cir.1986); *Playboy*

Enter. Inc. v. Chuckleberry Publishing, Inc., 486 F.Supp. 414, 427 (S.D.N.Y.1980).

[54] 75. Where the plaintiffs and defendants' products are closely related, less similarity is necessary to support a finding of infringement. *Squirtco*, 628 F.2d 1086.

76. The Court concludes that the parties' products are directly competitive.

[55] 77. Proof of intentional copying permits the Court to infer that there is a likelihood of confusion. *Gilbert/Robinson v. Carrie Beverage*, 758 F.Supp. 512; *Truck Equipment*, 536 F.2d 1210. There is overwhelming evidence that defendants acted with deliberate intent to imitate and infringe the revised VICL trade dress. There is a strong inference of likelihood of confusion in this case.

[56] 78. Actual confusion is not required in order to prove trade dress infringement, but once shown, it is positive proof of likelihood of confusion. *Squirtco*, 628 F.2d at 1091. See also *Varitronics Svs., Inc. v. Merlin Equip., Inc.*, 682 F.Supp. 1203, 1208-09 (S.D.Fla.1988) (while there is only one incident of actual confusion, "it is a very compelling incident" and substantiates a finding of likelihood of confusion); *Molenaar, Inc. v. Happy Toys, Inc.*, 188 U.S.P.Q. 469 (T.T.A.B.1975) (single instance of confusion is at least "illustrative of how and why confusion is likely"); *Roto-Rooter Corp. v. O'Neal*, 513 F.2d 44, 46 (5th Cir.1975) (very little proof of actual confusion is necessary to prove likelihood of confusion); *Ambrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531 (11th Cir. 1986), *cert. denied*, 481 U.S. 1041, 107 S.Ct. 1983, 95 L.Ed.2d 822 (1987) ("it takes very little evidence to establish the existence of the actual confusion factor"); *Waples-Platter Cos. v. Gen. Foods Corp.*, 439 F.Supp. 551, 582 (N.D. Tex. 1977) (any proof of actual confusion is significant); *World Carpets, Inc. v. Dick Littrell's New World Carpets*, 438 F.2d 482, 489 (5th Cir. 1971) (while "very little" proof of actual confusion is necessary to establish a likelihood of confusion, "an almost overwhelming amount of proof would be necessary to refute such proof").

[57] 79. The testimony of a purchaser who is actually confused as to the source of defendants' product is highly probative of a likelihood of confusion. 2 J. McCarthy, § 23:2 at 51-52. Thus, this factor weighs strongly in favor of finding trademark infringement. See *Gilbert/Robertson v. Carrie Beverage*, 758 F.Supp. at 524.

[58] 80. In addition to the above evidence of actual confusion presented by Chesebrough, actual confusion may be presumed in this case. Plaintiff has demonstrated by overwhelming evidence that defendants intended to deceive and confuse the public in connection with the Venture skin care lotion product. Under such circumstances, a presumption arises that actual confusion has occurred. *My-T-Fine Corp. v. Samuels*, 69 F.2d 76, 77 (2d Cir.1934); see also *Getty Petroleum Corp. v. Island Transp. Corp.*, 878 F.2d 650, 655-56 (2d Cir.1989); *PPX Enter. v. Audiofidelity Enter.*, 818 F.2d 266, 272 (2d Cir.1987); *U-Haul Int'l, Inc. v. Jartran, Inc.*, 601 F.Supp. 1140, 1149 (D. Ariz. 1984); 2 J. McCarthy, § 30:25 at 500.

[59] 81. The determination of whether likelihood of confusion exists is a question of fact. *Squirtco*, 628 F.2d 1086.

[60] 82. Based upon the *Squirtco* factors, the Court finds that there is a likelihood of confusion between defendants' trade dress and the revised VICL trade dress.

83. The Court further finds that defendants' infringement of plaintiff's trade dress was willful and done in careless disregard of plaintiff's rights. Defendants took a calculated business risk in January 1989 to copy plaintiff s trade dress. Further, this decision was compounded by defendants' disregard of plaintiff's March 23, 1990, cease and desist letter.

84. Finally, the evidence clearly shows that defendants intended to market and sell a modified bonus version of their skin care lotion in order to take advantage of the promotion and sales of plaintiff's revised bonus product. Accordingly, defendants produced and sold a 20-ounce bonus

product in January 1990 and continued to sell the same bonus product until May 1991.

[61] 85. Courts permit and have awarded damages for both patent and trademark infringement in a single case where two independent and separate legal wrongs have been committed. Where the plaintiff proves liability under both the Patent Act and the Trademark Act, it is entitled to the damages caused by each wrong. *Sun Prods. Group, Inc. v. B & E Sales Co., Inc.*, 700 F.Supp. 366, 386 (E.D. Mich. 1988); *Joy Mfg. Co. v. CGM Valve & Gauge*, 730 F.Supp. 1387, 1400 (S.D.Tex. 1989).

[62] 86. Under the U.S. Trademark Act, plaintiff is entitled to injunctive relief against any further use of plaintiff's trademarks and any similar packaging (15 U.S.C. § 1116), an accounting of all the profits earned by defendants on the infringing merchandise, an award of actual damages as proven by plaintiff (15 U.S.C. § 1117), the costs of the action (15 U.S.C. § 1117; Rule 54(d), Fed. R. Civ. P.), and an order to destroy all labels, signs, packaging, plates, molds, and other means of making the infringing merchandise (15 U.S.C. § 118).

[63] 87. In assessing damages, the Court has discretion to increase the amount found as actual damages up to three times such amount. In addition, the Court has discretion to enhance the amount of recovery based on profits. 15 U.S.C. § 1117.

88. In exceptional cases, the Court may award reasonable attorney's fees. 15 U.S.C. § 1117. Exceptional cases include intentional and deliberate infringement. *Hallmark Cards, Inc. v. Hallmark Dodge, Inc.*, 634 F. Supp. 990, 1001 (W.D.Mo. 1986).

[64] 89. The Court finds that the defendants have wilfully and intentionally infringed plaintiff s federally registered and well-known VASELINE and INTENSIVE CARE trademarks. The defendants' infringing intent is further demonstrated by the fact that defendants deliberately disregarded plaintiff's request to cease and desist their infringing activities. Under these circumstances, plaintiff is entitled to recover

increased damages, an award of defendants' profits, and reasonable attorneys' fees. 15 U.S.C. § 1117. In addition, plaintiff is entitled to an appropriate injunction pursuant to 15 U.S.C. §§ 1116, 1118.

[65] 90. Under the case law, awards of damages and profits serve different purposes. An award of damages compensates plaintiff for actual losses sustained. An accounting of the defendants' profits prevents unjust enrichment by the defendants by forcing them to disgorge profits obtained unlawfully. *W.E. Bassett Co. v. Revlon, Inc.*, 435 F.2d 656, 664 (2d Cir. 1970); see *Shen Mfg. Co. v. Suncrest Mills, Inc.*, 673 F.Supp. 1199 (S.D.N.Y.1987). Both forms of relief are specifically allowed by the statute. 15 U.S.C. § 1117; *Metric & Multistandard Components Corp. v. Metric's, Inc.*, 635 F.2d 710, 715 (8th Cir. 1980).

[66] 91. Under the law, plaintiff may recover all damages sustained by Ansehl's sales of skin care lotion in its revised packaging to retailers, including Venture. Defendant Ansehl willfully induced the infringement of major retailers throughout the country by supplying these retailers with the confusingly similar packaging. *Corning Glass Works v. Jeannette Glass Co.*, 308 F.Supp. 1321, 1326 (S.D.N.Y.), *aff'd*, 432 F.2d 784 (2d Cir. 1970).

[67] 92. Plaintiff's actual damages are measured by the tort standard under which the infringer-tortfeasor is liable for all injuries caused to the plaintiff by the wrongful acts, whether or not actually anticipated or contemplated by the defendants when they performed the acts of infringement. *Obear-Nester Glass Co. v. United Drug Co.*, 149 F.2d 671, 674 (8th Cir.1945); *Heaton Distrib. Co. v. Union Tank Car Co.*, 387 F.2d 477, 486 (8th Cir.1967); 2 J. McCarthy, § 30:27 at 509.

[68] 93. Evidence of actual confusion is proof of the fact of damage. 2 J. McCarthy, § 30:27 at 511.

94. Plaintiff has demonstrated actual damage by clear and convincing evidence. First, Mrs. Sickles, a consumer,

testified to her confusion in purchasing defendants' product. Mrs. Sickles testified that the product she mistakenly purchased was watery and of a lower quality than that of VICL, which she had been using for many years. It is significant that Mrs. Sickles was displeased with Ansehl's product and did not realize that it was not made by the manufacturer of VICL until advised of the correct facts by plaintiff. Such instances of actual confusion cause damage to plaintiffs reputation and the goodwill represented by the VASELINE and INTENSIVE CARE trademarks. *Heaton Distrib.*, 387 F.2d at 485-86. It is also significant that the defendants' expert witness, Mr. Fred Edwards, confirmed that the events Mrs. Sickles testified to constituted actual confusion.

95. The evidence of defendants' intent to copy the VICL trade dress and to deceive consumers raises a presumption that confusion has occurred. *Getty Petroleum v. Island Transp.*, 878 F.2d 650, 655-56 (2d Cir.1989); *PPX Enter. v. Audiofidelity Enter.*, 818 F.2d 266, 272 (2d Cir.1987); *My-T-Fine Corp. v. Samuels*, 69 F.2d 76, 77 (2d Cir.1934); *U-Haul Int'l v. Jartran*, 601 F.Supp. 1140, 1149 (D.Ariz. 1984); 2 J. McCarthy, § 30:25 at 500.

96. Since plaintiff has proven actual confusion, it has demonstrated damage in fact. Once the fact of damage is proven, any inquiry beyond this point goes only to the amount of damage. *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 89 S.Ct. 1562, 23 L.Ed.2d 129 (1969).

[69] 97. In cases of trademark infringement and unfair competition, where the nature of the injury may preclude exact ascertainment of the amount of damages, plaintiff is entitled to recover upon a showing of the extent of the damages through just and reasonable inference, even though the result may only be an approximation. *Bigelow v. RKO Radio Pictures, Inc.*, 327 U.S. 251, 264, 66 S.Ct. 574, 579, 90 L.Ed. 652 (1946); *Story Parchment Co. v. Paterson Parchment Paper Co.*, 282 U.S. 555, 562-63, 51 S.Ct. 248, 250-51, 75 L.Ed. 544 (1931); see also Restatement of Torts, § 912 Comment (d) (1939). There is no question here that defendants made and sold confusingly

similar packaging, used and promoted the similarities between their packaging and the revised VICL packaging to obtain business from retailers, and caused consumer confusion thereby diverting sales from Chesebrough.

98. Plaintiffs damages may be measured by the profits lost by plaintiff because of defendants' infringement. 2 J. McCarthy, § 30:27 at 311; *Brunswick Corp. v. Spinit Reel Co.*, 832 F.2d 513 (10th Cir. 1987).

[70] 99. In addition to its damages, plaintiff is entitled to defendants' profits. 15 U.S.C. § 1117. Where the defendants fail to present substantial evidence that any portion of their profits is not demonstrably attributable to the infringing product, plaintiff is entitled to all of defendants' profits. *Bass Buster, Inc. v. Gapen Mfg. Co., Inc.*, 420 F.Supp. 144 (W.D.Mo.1976). See also *Burger King Corporation v. Mason*, 855 F.2d 779 (11th Cir.1988) (district court refused to allow willful infringers to offset profits from six restaurants by losses incurred at seven other restaurants); *Polo Fashions, Inc. v. Dick Bruhn, Inc.*, 793 F.2d 1132 (9th Cir. 1986) (the court of appeals instructed district court to award gross income from sale of willful infringer's products; recovery based on profits held inadequate to remove economic incentive to infringe).

100. Plaintiff is entitled to damages based on the units of Ansehl's infringing sales to Venture. During the time from January 1990 through September 4, 1991, Ansehl sold 2,495 dozen bottles of its product to Venture. Assuming plaintiff had sold those bottles to Venture, and applying plaintiff's profit figure of $18.73 per dozen bottles, plaintiff's lost profits would equal $46,731.35.

101. Ansehl's profits from its sale of the product to Venture equals $8,599.

102. Accordingly, plaintiff is entitled to damages based on the units of Ansehl's infringing sales to Venture in the amount of $55,330. This figure is trebled to $165,990.

[71] 103. It is also within this Court's discretion to grant prejudgment interest. *American Honda Motor Co. v. Two Wheel Corp.*, 918 F.2d 1060, 1064 (2d Cir.1990); *Gorenstein Enter. v. Quality Care USA, Inc.*, 874 F.2d 431, 436 (7th Cir. 1989).

[72] 104. Since the Court has found that this is an exceptional case, an award of prejudgment interest is appropriate. *American Honda v. Two Wheel*, 918 F.2d at 1064; *Gorenstein v. Quality Care*, 874 F.2d at 436. An appropriate and convenient rate to use for prejudgment interest is the prime rate (10 1/2%) as of December 16, 1989, the date infringing sales commenced. *Gorenstein v. Quality Care*, 874 F.2d at 437. As noted previously, the Court will apply the prime rate at the time of infringement until the date of judgment.

105. Based upon the Pretrial Joint Stipulations, Kessler, after being served with the Complaint, continued to produce and supply the bottle to Ansehl. Therefore, there is no question that Kessler knowingly and purposely aided, induced and contributed to trademark and trade dress infringement. In addition, there is no question that Kessler enjoyed rewards and financial gain after having actual knowledge of plaintiff's claims. *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 854-55, 102 S.Ct. 2182, 2188-89, 72 L.Ed.2d 606 (1982) (manufacturer could be held liable if it intentionally induced a merchandiser down the chain to pass off a product as that of the trademark owners). See also *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 439 n. 19, 104 S.Ct. 774, 787 n. 19, 78 L.Ed.2d 574 *reh'g* denied, 465 U.S. 1112, 104 S.Ct. 1619, 80 L.Ed.2d 148 (1984); *Sealy, Inc. v. Easy Living, Inc.*, 743 F.2d 1378, 1381-82 (9th Cir.1984) (wholesalers which sold unmarked non-Sealy mattress foundations with knowledge that dealers would sell the merchandise as Sealy foundations liable as contributory infringers).

106. Plaintiff is entitled to Kessler's proven gross sales of bottles which Kessler has admitted were used with infringing trade dress. This amount equals $115,632. Kessler

has failed to particularize its expenses in manufacturing the bottles used for the infringement scheme. Therefore, under case law and 15 U.S.C. § 1117, the Court awards plaintiff Kessler's gross sales. *Polo Fashions, Inc. v. Dick Bruhn, Inc.*, 793 F.2d 1132 (9th Cir.1986). See also *Chesa International, Ltd. v. Fashion Associates, Inc.*, 425 F. Supp. 234 (S.D.N.Y. 1977), *aff'd*, 573 F.2d 1288 (Fed. Cir. 1977) (defendant failed to produce cost data and failed to keep accurate records of total sales of infringing merchandise; court held that any doubts against actual assessment of damage must be resolved against defendant); *Louis Vuitton S.A. v. Spencer Handbags Corp.*, 765 F. 2d 966 (2d Cir. 1985).

107. Plaintiff is the owner of U.S. Trademark Registration Nos. 44,790, 140,345 and 864,662. The foregoing registrations have been registered upon the Principal Registry in the U.S. Patent and Trademark Office. The certificates of registration are prima facie evidence of the validity of the registered marks, of plaintiffs ownership of the marks, and of plaintiffs exclusive right to use the registered marks in commerce or in connection with the goods specified in the certificates. 15 U.S.C. §§ 1057(b). In addition to being registered on the Principal Registry, U.S. Registration Nos. 44,790 and 140,345, for the mark VASELINE, and 864,662, for INTENSIVE CARE, have become incontestable pursuant to 15 U.S.C. § 1065. Defendants have not contested either plaintiffs ownership in the foregoing registrations or the validity of these registrations. Therefore, these registrations are valid, subsisting and incontestable.

[73][74] 108. The test for trademark infringement is the likelihood of confusion test. This circuit has established a six factor test to determine likelihood of confusion. *Squirtco*, 628 F.2d 1086. These factors are: (1) similarity of the marks; (2) the degree to which the products compete with each other; (3) classes of, and degree of care likely to be exercised by, prospective purchasers; (4) evidence of actual confusion; (5) defendant's intent in adopting the mark; and (6) the strength of plaintiff's mark. *Id.*

[75] 109. Defendants have used the statement "Compare to Vaseline Intensive Care" on their packaging without the consent or authorization of plaintiff. Defendants have admitted that they selected the marks VASELINE and INTENSIVE CARE because they are well-known to the public. Defendants also admitted that they considered and rejected alternate phrases such as "Compare to National Brand." Defendants' use of the statement "Compare to Vaseline Intensive Care" constitutes a deliberate attempt to have the consumer identify the Venture product as originating from the same source as VICL. *Charles of the Ritz v. Quality King*, 636 F.Supp. 433, 437 (S.D.N.Y.1986).

110. In the present case, defendants have offered no credible evidence as to why the name Venture was omitted from the comparison statement and is not displayed on the front label of the revised Venture packaging. Defendants' contention that Venture has no right to use the name Venture on its packaging is overwhelmingly contradicted by the evidence.

[76] 111. Although the law permits competitors to use the trademarks of others in comparative advertising, *SSP Agric. Equip., Inc. v. OrchardRite Ltd.*, 592 F.2d 1096, 1103 (9th Cir.1979), there is an overriding duty to prevent public confusion. 2 J. McCarthy, § 25:14 at 266.

[77] 112. Confusing similarity of trademarks must be examined in the total context of a defendant's packaging. See *Clorox Chem. Co. v. Chlorit Mfg. Corp.*, 25 F.Supp. 702 (E.D.N.Y.1938); 2 J. McCarthy, § 23:18 at 99-100.

113. The use by defendants of the "Compare to" statement on packaging, which is confusingly similar to the appearance of the VICL packaging, is likely to cause confusion as to the source of defendants' Venture product. *Charles of the Ritz v. Quality King*, 636 F.Supp. at 437.

[78] 114. Under the law, defendants are liable for confusion as to sponsorship as well as confusion as to source. *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 398 (8th

Cir. 1987). Thus, if there is a likelihood that consumers would believe that defendants' product is endorsed by or authorized by the manufacturer of VICL, there is infringement. Defendants' use of the phrase "Compare to Vaseline Intensive Care" is likely to cause consumers to believe that defendants' product is associated with, sponsored by, or endorsed by, or emanates from the manufacturer of VICL. 15 U.S.C. § 1114.

[79][80] 115. Defendants have placed a disclaimer in small print on the lower portion of the back label of their packaging. The evidence shows that defendants placed this disclaimer on the packaging on their own volition. The voluntary act of placing a disclaimer on one's packaging constitutes a tacit admission that the use of plaintiff's trademarks, in the entire context of the packaging, is likely to confuse consumers. The Court finds that the Venture disclaimer is wholly inadequate to prevent consumer confusion and suggests a calculated effort by defendants to escape liability for infringement. *Charles of the Ritz v. Quality King*, 636 F.Supp. at 437; *Int'l Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1093 and n. 9 (7th Cir. 1988). See also *Charles of the Ritz v. Quality King*, 664 F.Supp. 152, 155-56 (S.D.N.Y.), *aff'd*, 832 F.2d 1317 (2d Cir. 1987); *Home Box Office, Inc. v. Showtime/The Movie Channel, Inc.*, 832 F.2d 1311, 1316 (2d Cir.1987); Jacoby & Raskoff, Disclaimers as a Remedy for Trademark Infringement Litigation: More Trouble Than They Are Worth?, 76 Trademark Rept. 35 (1986).

116. Under the relevant provisions of the U.S. Trademark Act, plaintiff is entitled to injunctive relief, an accounting of defendants' profits, and an award of actual damages. The Court shall issue an appropriate injunction preventing defendants from using the marks VASELINE and INTENSIVE CARE in a misleading and conftising manner.

[81] 117. The Court has previously awarded to plaintiff trade dress damages and Ansehl's profits on merchandise with infringing trade dress sold to Venture. Since the infringing trademarks were used by defendants on packaging which also infringed plaintiff s trade dress, the Court believes it would be

duplicative to award separate damages or profits to plaintiff for trademark infringement. However, plaintiff is clearly entitled to its actual damages and defendants' profits arising from the unauthorized use of its federally registered marks VASELINE and INTENSIVE CARE. 15 U.S.C. § 1117.

118. The Court believes that an award of prejudgment interest is appropriate in these circumstances. Again, since the Court has already awarded plaintiff prejudgment interest on damages due to trade dress infringement and on defendants' profits due to their sales of merchandise with infringing trade dress, the Court will not separately award prejudgment interest for the damages and profits which are appropriate under trademark infringement,

119. Defendants Ansehl, Venture, May, and Kessler are joint tortfeasors, and as such, are jointly and severally liable for all of the defendants' infringing acts under Counts II and III of the Complaint. *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1023 (9th Cir.1985), *cert. denied*, 474 U.S. 1059, 106 S.Ct. 802, 88 L.Ed.2d 778 (1986).

120. Defendants Ansehl, Venture, and May are joint tortfeasors and as such are jointly and severally liable under Count I (patent infringement) of the Complaint. *Jennings v. Dolan*, 29 F. 861, 862 (S.D.N.Y.1887).

JUDGMENT

A memorandum dated this day is hereby incorporated and made a part of this judgment.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that defendants May Department Stores, Inc. and the Benjamin Ansehl Company and their suppliers, officers, agents, servants, employees and attorneys, and those persons in active concert, privity or participation with them, or any of them, or any of their successors or assigns, be and hereby are permanently enjoined and restrained from manufacturing, using or selling aqueous cosmetic emulsions containing isoparaffin and

alkyl phosphate salt in weight ratios of 1:1 up to 162.9:1, or from infringing United States Letters Patent No. 4,939,179.

IT IS HEREBY FURTHER ORDERED that defendants May Department Stores, Inc., Venture Stores, Inc., The Benjamin Ansehl Company, and Kessler Containers Ltd. and their suppliers, officers, agents, servants, employees and attorneys and those persons in active concert, privity or participation with them, or any of them, or any of their successors or assigns, be and hereby are permanently enjoined and restrained from:

1. using in connection with the manufacture, distribution, advertising, promotion, offering for sale or sale of any skin care lotion product or any other product, plaintiff's trademarks VASELINE or INTENSIVE CARE or any trademark, word, symbol or name which so resembles, copies, imitates or simulates plaintiff's VASELINE or INTENSIVE CARE trademark as to be likely to cause confusion, cause mistake or to deceive;

2. using in connection with the manufacture, distribution, advertising, promotion, offering for sale or sale of any skin care lotion product or related product in the bottle design of defendants complained of herein or any other bottle design which so resembles, copies, imitates or simulates the distinctive bottle design of plaintiff's products as to be likely to cause confusion, cause mistake or to deceive;

3. using in connection with the manufacture, distribution, advertising, promotion, offering for sale or sale of any skin care lotion product or related products with the defendants' trade dress or any other package design, which so resembles, copies, imitates or simulates the distinctive trade dress or overall package appearance of plaintiff's VASELINE INTENSIVE CARE products as to be likely to cause confusion, cause mistake or to deceive;

4. using in connection with the manufacture, distribution, advertising, promotion or offering for sale or sale

of any skin care lotion product or related product, the statement "Compare to Vaseline Intensive Care" or any other statement which may lead the trade or public to believe that a product not originating with plaintiff is plaintiff's product or that defendant's product or any of defendants is associated with or connected with, sponsored by or approved by plaintiff;

5. using in connection with the manufacture, distribution, advertising, promotion or offering for sale or sale of any skin care lotion product or any related product, a "disclaimer" or any other statement which may lead the public to believe that defendants' products or any of the defendants are associated with or connected with, sponsored by or approved by plaintiff.

IT IS HEREBY FURTHER ORDERED that each defendant and those controlled by each defendant and those acting for each defendant is ordered to recall from all of their customers in the trade and deliver up to the court for destruction all labels, bottles, signs, prints, packages, wrappers, receptacles, advertisements and other written or printed material which bear plaintiffs trademarks VASELINE or INTENSIVE CARE, or which bear any other device, representation or statement in violation of the injunction herein requested by plaintiff, and that defendants be ordered to deliver up for destruction all plates, molds, matrices and other means of making the same.

IT IS HEREBY FURTHER ORDERED that each defendant shall file with the court and serve upon plaintiff a written report under oath setting forth the manner in which such defendant has complied with such injunction. This report shall be filed and served within 30 days after service upon such defendant of the injunction issued in this action.

IT IS HEREBY FURTHER ORDERED that defendant Ansehl's Count II (counterclaim for unfair competition due to plaintiff's alleged bad faith prosecution of its patent claim) is dismissed with prejudice.

IT IS HEREBY FURTHER ORDERED that plaintiff recover its damages of defendants Ansehl, Venture, and May for defendants' patent infringement in the amount of $799,193, said amount being trebled to equal $2,397,579.

IT IS HEREBY FURTHER ORDERED that plaintiff recover its damages arising out defendants' acts of trademark and trade dress infringement in the amount of $55,330 based on Ansehl's infringing sales to Venture, said amount being trebled to equal $165,990, plus $115,632 based on Kessler's proven gross sales of infringing bottles.

IT IS HEREBY FURTHER ORDERED that plaintiff recover the taxable costs of this civil action, including reasonable attorney's fees commencing from the date this action was filed.

IT IS HEREBY FURTHER ORDERED that plaintiff recover prejudgment interest with respect to the patent infringement damages commencing July 3, 1990, until the date of judgment, based on the prime rate as of July 3, 1990 (10%). Plaintiff shall also recover prejudgment interest with respect to trademark and trade dress damages commencing December 16, 1989, until the date of this judgment, based on the prime rate as of December 16, 1989 (10 1/2%).

IT IS HEREBY FURTHER ORDERED that within 20 days of the date of this order, plaintiff shall file a documented request for attorney's fees and expenses, along with a brief (no more than fifteen pages in length) citing argument and authority in support of the request.

IT IS HEREBY FURTHER ORDERED that within 40 days of the date of this order, defendants may respond to plaintiff's documentation and brief filed in support of plaintiff s request for fees and costs.

IT IS HEREBY FURTHER ORDERED that within 55 days of the date of this order, plaintiff may file any reply to defendants' response.

APPENDIX C

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

Filed November 29, 1994

ORDER

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the CROSS APPELLANT, and RESPONSES FROM MAY DEPARTMENT STORES and VENTURE STORES, ANSELL COMPANY, and KESSLER CONTAINERS having been invited by the court and filed by the APPELLANTS, and the petition for rehearing and responses having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc and responses having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED, and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on December 6, 1994.

Dated: November 29, 1994

FOR THE COURT,
FRANCIS X. GINDHART,
CLERK

By: DIANE M. FRYE
Diane M. Frye
Chief Deputy Clerk

cc: Paul F. Kilmer
Berj A. Terzian
William K. West, Jr.
Jerome C. Simon

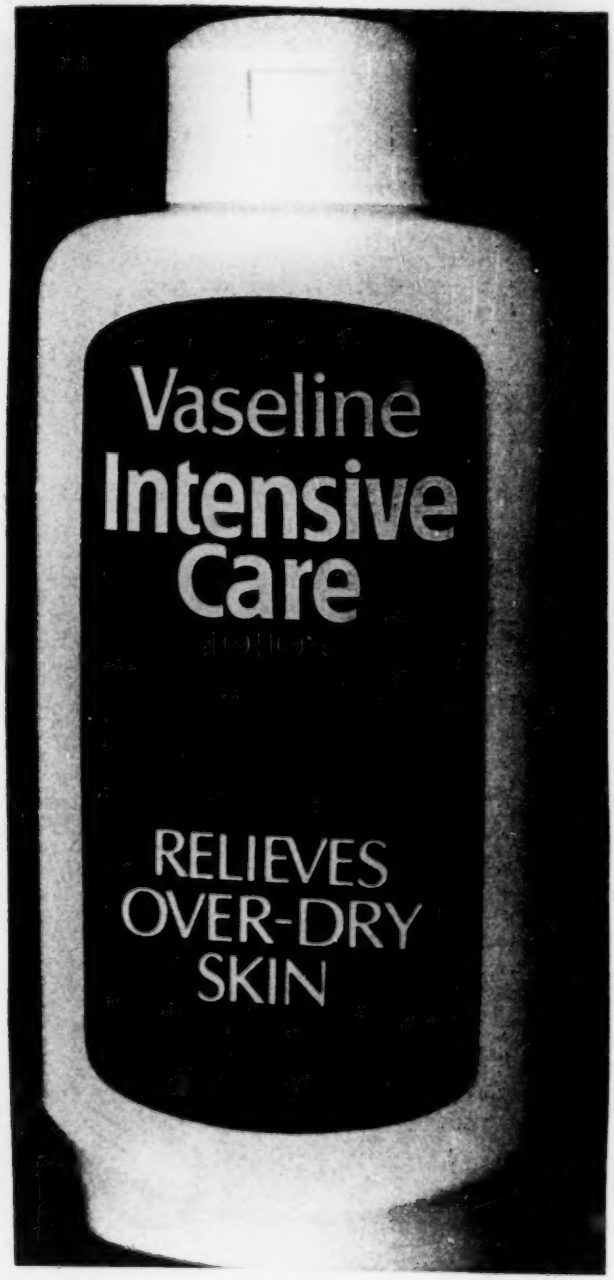
CONOPCO, INC V MAY DEPT STORES CO, 92-1412
(DCT-90-1475 C(3))

Note: Pursuant to Fed. Cir. R. 47.6, this order is not citable as precedent. It is a public record.

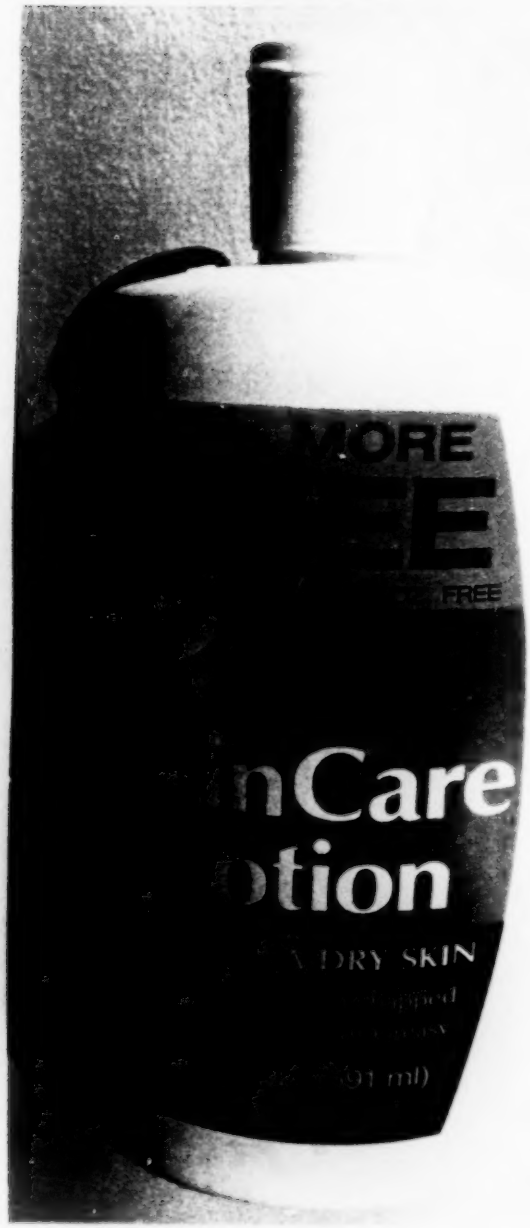
APPENDIX D

APPENDIX D

APPENDIX E



APPENDIX F



APPENDIX G

33% MORE
FREE
20 FL. OZ. AT 15 FL. OZ. PRICE
Skin Care
Lotion
Compare to
Vaseline Intensive Care
FOR
EXTRA-DRY SKIN
Feels soothing on chapped
and dry skin. Non-Greasy
20 FL. OZ.
(1 PT. 4 FL. OZ.)

APPENDIX H

cvs.
special
care
lotion
AP
Extra
Care
Lotion
Special
Care
Lotion
BROOKS

APPENDIX I

35 U.S.C. § 271 (U.S. Patent Act, Section 271)
Infringement of Patent

(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reasons of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement; (4) refused to license or use any rights to the patent; or (5) conditioned the license of any rights to the patent or the sale of the patented product on the acquisition of a license to rights in another patent or purchase of a separate product, unless, in view of the circumstances, the patent owner has market power in the relevant market for the patent or patented product on which the license or sale is conditioned.

(e) (1) It shall not be an act of infringement to make, use, or sell a patented invention (other than a new animal drug or veterinary biological product as those terms are used in the Federal Food, Drug, and Cosmetic Act and the Act of March 4, 1913) which is primarily manufactured using recombinant DNA, recombinant RNA, hybridoma technology, or other processes involving site specific genetic manipulation techniques) solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs or veterinary biological products.

(2) It shall be an act of infringement to submit-

(A) an application under section 505(j) of the Federal Food, Drug, and Cosmetic Act or described in section 505(b)(2) of such Act for a drug claimed in a patent or the use of which is claimed in a patent, or

(B) an application under section 512 of such Act or under the Act of March 4, 1913(21 U.S.C. 151-158) for a drug or veterinary biological product which is not primarily manufactured using recombinant DNA, recombinant RNA, hybridoma technology, or other processes involving site specific genetic manipulation techniques and which is claimed in a patent or the use of which is claimed in a patent,

if the purpose of such submission is to obtain approval under such Act to engage in the commercial manufacture, use, or sale of a drug or veterinary biological product claimed in a patent or the use of which is claimed in a patent before the expiration of such patent.

(3) In any action for patent infringement brought under this section, non injunctive or other relief may be granted which would prohibit the making, using, or selling of a patented invention under paragraph (1).

(4) For an act of infringement described in paragraph (2) –

(A) the court shall order the effective date of any approval of the drug or veterinary biological product involved in the infringement to be a date which is not earlier than the date of the expiration of the patent which has been infringed,

(B) injunctive relief may be granted against an infringer to prevent the commercial manufacture, use, or sale of an approved drug or veterinary biological product, and

(C) damages or other monetary relief may be awarded against an infringer only if there has been commercial manufacture, use, or sale of n approved drug or veterinary biological product.

The remedies prescribed by subparagraphs (A), (B), and (C) are the only remedies which may be granted by a court for an act of infringement described in paragraph (2), except that a court may award attorney fees under section 285.

(f) (1) Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the Untied States, shall be liable as an infringer.

(2) Whoever without authority supplies or causes to be supplied in or from the United States any component of a patented invention that is especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial noninfringing use, where such component is uncombined in who or in part, knowing that such component is so made or adapted and intending that such component will be combined outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

(g) Whoever without authority imports into the United States or sells or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, sale, or use of the product occurs during the term of such process patent. In an action for infringement of a process patent, no remedy may be granted for infringement on account of the noncommercial use or retail sale of a product unless there is no adequate remedy under this title for infringement on account of the importation or other use or sale of that product. A product which is made by a patented process will, for purposes of this title, not be considered to be so made after--

(1) it is materially changed by subsequent processes; or

(2) it becomes a trivial and nonessential component of another product.

(Added.)

(h) As used in this section, the term "whoever" includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this title in the same manner and to the same extent as any nongovernmental entity.

Supreme Court, U.S.
FILED
MAR 2 3 1995
OFFICE OF THE CLERK

No. 94-1437

IN THE

Supreme Court of the United States

October Term, 1994

CONOPCO, INC. D/B/A CHESEBROUGH-POND'S USA CO.

Petitioner,

v.

THE MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY, AND KESSLER CONTAINERS, LTD.

Respondents.

On Petition for a Writ of Certiorari from the United States Court of Appeals for the Federal Circuit

BRIEF OF THE MAY DEPARTMENT STORES COMPANY AND VENTURE STORES, INC. IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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STATEMENT PURSUANT TO RULE 29.1

The only parties to this action are those listed in the caption. Although represented jointly, The May Department Stores Company and Venture Stores, Inc. are now independent companies. At one time in the past, Venture Stores, Inc. was a *subsidiary* of The May Department Stores Company. The May Department Stores Company was joined in this action for reasons not relevant to the Petition for Certiorari.

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ABBREVIATIONS APPEARING IN THIS BRIEF

Ansehl	The Benjamin Ansehl Company, a Respondent in this matter, a Defendant in the original action
Chesebrough	Conopco, Inc. doing business as Chesebrough Pond's USA Co., Petitioner in this matter, Plaintiff in the original action
May	The May Department Stores Company, a Respondent in this matter, a Defendant in the original action
Pet.	The Petition for Certiorari filed by Conopco, Inc.
Pet. App.	Appendix to the Petition for Certiorari filed by Conopco, Inc.
Target	Target Stores, a division of Dayton Hudson Corporation; neither Target Stores nor Dayton Hudson is a party to this action
VICL	Vaseline Intensive Care Lotion
Venture	Venture Stores, Inc., a Respondent in this matter, a Defendant in the original action

No. 94-1437

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On Petition for a Writ of Certiorari from the United States Court of Appeals for the Federal Circuit

BRIEF OF THE MAY DEPARTMENT STORES COMPANY AND VENTURE STORES, INC. IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Respondents, The May Department Stores Company ("May") and Venture Stores, Inc. ("Venture") hereby jointly oppose the Petition for Writ of Certiorari filed by Conopco, Inc., doing business as Chesebrough-Pond's USA Co., ("Chesebrough") for review of a judgment of the United States Court of Appeals for the Federal Circuit in this case.

I. STATEMENT OF THE CASE

Contrary to the assertions of Chesebrough, this is a case confined to its unique facts. There are no overriding issues of law or conflicts between or among the circuits which give to this matter the significance of a case deserving of the attention of the United States Supreme Court.

Applying the Eighth Circuit's[1] standard of review in relation to the trade dress and trademark claims of Chesebrough, the Federal Circuit noted clear error in the trial court's finding of "actual confusion". Pet. App. 11a-12a. In reversing the trial court, the Federal Circuit held that the one (1) consumer whom Chesebrough asserted had been "confused" by a private label product (significantly, a Target Stores[2] private label product, ***not*** a Venture[3] private label product) was ***not actually confused***. *Id.* This view was even endorsed by dissenting Judge Mayer. Pet. App. 30a. Actual confusion is ***the*** essential element for imposing monetary damages in trade dress and trademark infringement actions in the Eighth Circuit. Pet. App. 10a.

---

[1] The Federal Circuit was established to hear patent appeals from throughout the United States. 28 U.S.C. §1295. In all other facets of an appeal, the Federal Circuit applies the law of the circuit from which the action arose. *Cicena Ltd. v. Columbia Telecommunications Group*, 900 F.2d 1546 (Fed. Cir. 1990). Here, the appeal was from a decision of the United States District Court for the Eastern District of Missouri, which is within the Eighth Circuit.

[2] Target Stores ("Target") is a division of Dayton Hudson Corporation. Neither Target nor Dayton Hudson Corporation is in any way related to Venture or May.

[3] Although this Brief is submitted on behalf of both Venture and May, it should be noted that none of the allegedly infringing products were sold through May. Venture was a wholly owned subsidiary of May at one point in time. It has always been the position of May and Venture that May is not responsible in any way for the alleged acts of infringement asserted by Chesebrough.

The Federal Circuit further determined that the trial court ***omitted*** consideration of certain ***critical undisputed facts*** (i.e. Venture's use of its unique logo on its products and a long history of side-by-side sales) which should have been included in reaching the ultimate issue of "likelihood of confusion". Pet. App. 16a-23a The combination of a clearly erroneous finding of actual confusion and the trial court's failure to consider certain critical undisputed facts was more than sufficient, in the opinion of the Federal Circuit, to support reversal on the issue of trade dress and trademark infringement.

The history of this matter is best explained by photographs of the products at issue ***and*** those products ***not*** at issue. The next pages display photographs of certain trade dress used by the parties before and after the filing of this action.

A Pre-June 1989
Chesebrough Product

A Pre-June 1989
Venture Product
(*Not* Infringing)

Post-June 1989
Chesebrough Product

Post-June 1989
Venture Product
(Allegedly Infringing)

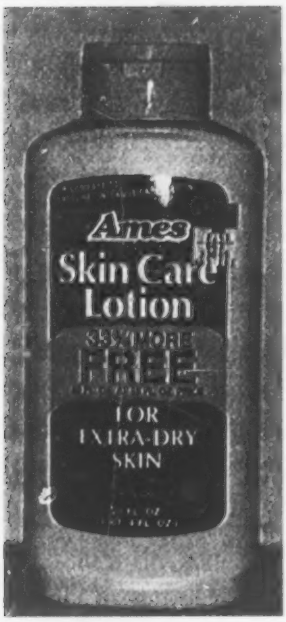
The photographs in Appendices A and B expand on this evidence.

Chesebrough has now admitted that:

> "In 1990, various other retailers introduced skin care lotion products to compete with the relaunched VICL. However, unlike Venture, ***these retailers did not copy the trade dress of the relaunched VICL.***" (Emphasis added) Pet., p. 8, n. 4.

By this admission, Chesebrough has agreed that the following third-party trade dress, among others (see Appendices A, B and C) are ***not*** infringing:

Target Private Label Product
(Appendix A-1)



Ames Private Label Product
(Appendix A-2)

"Enriched" Private Label Product
(Appendix A-3)

As emphasized by Chesebrough, legal actions have not been brought against any of these third parties based upon Chesebrough's alleged trade dress or trademark rights.

Chesebrough has admitted the "diluting" effect on its pre-1989 trade dress due to Chesebrough's failure to enforce trade dress rights in the past. Pet. pp. 4-5 (see also Appendix C hereto showing pre-1989 trade dress of third parties). That same diluting effect through non-enforcement is also evident in Chesebrough's failure to take action against the third party trade dress shown in Appendices A and B hereto and in Chesebrough's admission in footnote 4 of its Petition.

Chesebrough has admitted that it uses the same color scheme on its relaunched 1989 trade dress as it did on the trade dress Chesebrough did not protect for more than twenty (20) years. Pet. p. 6. Therefore not only the bottle color (yellow) but also the colors used on the label (blue and green) constituting the "dress" of VICL have remained unaltered since use of the admittedly-unprotected trade dress employed by Chesebrough prior to 1989.

Therefore the "pre-existing goodwill" Chesebrough now asserts in its pre-1989 trade dress consists merely of unprotectable color combinations used by the private label industry in the past. Appendix C. Thus, by Chesebrough's own admission, the trade dress of the relaunched VICL is neither new nor protectable.

Chesebrough has also relied upon one (1) alleged instance of actual confusion in support of its case. That instance of alleged confusion involved a ***Target*** private label product, ***not a Venture*** private label product. Pet. App. 11a. In addition, the "confusion" witness knew that she was purchasing a private label product but presumed that the private label product came from the national brand manufacturer. Pet. App. 11a-12a.

Therefore, the witness was not confused by the Target private label product but was, instead, misled by her own thinking that all private labels are made by national brand companies. The testimony of the "confusion" witness was described by the majority as unsupported in fact, "counter-intuitive", "atypical" and "isolated", and by the dissent as "idiosyncratic and mistaken". Pet. App. 11a-12a and 30a, n. 3.

Chesebrough has asserted that the Venture name suddenly disappeared from the labels of the allegedly infringing skin care lotion bottles after the relaunch of VICL. Pet. p. 7. However, as evidenced by the photographs on page 3 and in Appendix C-1 of this Brief, the Venture name did ***not*** appear on all pre-1989 Venture private label skin care lotion products. Thus Chesebrough's assertion that there was a substantial difference between the pre-relaunch and post-relaunch Venture labels is incorrect. In addition, the Federal Circuit noted that the undisputed record demonstrates that Venture's unique "flag" logo used on its allegedly infringing trade dress is so distinctive, extensively used and widely recognized that, when combined with the absence of actual confusion, the use of Venture's logo gives rise "to the expectation that consumers identify the logo with Venture, rather than Conopco [Chesebrough], and use that logo to successfully distinguish between the two brands." Pet. App. 16a - 17a and 23a. This was one of the facts which the Federal Circuit found to be undisputed, critical to the likelihood of confusion analysis and completely overlooked by the trial court. *Id.*

Chesebrough has also attempted to demonstrate infringement by the presence of a "Compare to Vaseline Intensive Care" labelling statement on the Venture product at issue. Pet. p.7. In fact, that ***same*** statement is present on the labels of third party skin care lotions which Chesebrough now admits (in footnote 4 of its Petition) are ***not*** infringements of its trade dress and trademark rights. Appendix B-1-5. In addition, similar com-

parison statements are made on a number of similarly dressed non-infringing (per footnote 4 of the Petition) private label versions of VICL. Appendix B-1-5.

As noted by the Federal Circuit, the use of a truthful and non-confusing comparative advertising statement has long been found to be non-infringing. Pet. App. 23a-24a, *citing*, *Calvin Klein Cosmetics v. Parfums de Coeur, Ltd.*, 824 F.2d 665, 668-9 (8th Cir. 1987).

Thus the assertion by Chesebrough that the Federal Circuit in this case has "created an exception under the trademark laws for manufacturers of store brand products" (Pet. p. 10) is utterly false. The prominent use of Venture's logo and the absence of actual confusion, along with a ten (10) year history during which Chesebrough slept on its alleged rights, dispel any prospect for a likelihood of confusion between the marks and trade dress of the parties.

As noted by the Federal Circuit:

"The fact that Venture (and other retailers) compete in the manner described, which is all that the evidence establishes, is simply insufficient to amount to proof that there is in the minds of consumers a likelihood of confusion about whose product is whose." Pet. App. 17a-18a.

* * *

Chesebrough has also attempted to stretch a ***limited*** patent claim on the formulation of its "new" Vaseline Intensive Care Lotion into a realm of alleged patent "equivalents" that Chesebrough once admitted (later withdrawing the admission) was well beyond the bounds of what it envisioned in its patent. Appendix D-3.

As stated by Chesebrough, the formulation claimed in its patent has a ratio of two chemicals with a range "from about 1:1 to about 40:1". Pet. pp. 23-24. The ratio of the formulation of

those same elements used in the Venture product manufactured by Ansehl was 162.9 to 1. Pet. p. 24.

Strangely, in its argument regarding trade dress, Chesebrough has now asserted that "the lotion [in the Ansehl formulation] was of ***inferior quality*** to VICL." (Emphasis added) Pet. pp. 7-8. Thus, as was determined by the Federal Circuit, Chesebrough has now admitted in its Petition that the lotion in Venture's bottles does not satisfy the "function/way/result test" set forth in this Court's opinion in *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 608, *reh'g. denied*, 340 U.S. 845 (1950). Pet. App. 8a. In other words, Chesebrough admits on pages 7 through 8 of its Petition that the function of, and/or result achieved by, the lotion found in Venture's bottles is ***not*** the same as, and is in fact ***inferior*** to, the result achieved by the formulation found in VICL. This is the same conclusion reached by the Federal Circuit. Pet. App. 8a-9a.

II. REASONS FOR DENYING THE PETITION

A. The Decision of the Federal Circuit Is Not In Conflict With A Decision of the Second Circuit

Chesebrough has asserted that the decision of the Federal Circuit here is in direct conflict with the Second Circuit's opinion in *Oral-B Labs., Inc. v. Mi-Lor Corp.*, 810 F.2d 20 (2d Cir. 1987). Nothing could be further from reality.

In *Oral-B Labs.*, the defendant used a logo taken from the plaintiff's packaging. *Oral-B Labs.*, 810 F.2d at 21. In the present case, Venture has used its own distinctive logo on its skin care lotion bottles and this fact weighed heavily in the Federal Circuit's determination that there was no likelihood of confusion between VICL and the Venture store brand. Pet. App. 16a-17a.

In *Oral-B Labs.* the successful plaintiff asserted its trade dress infringement claim ***within six months*** after discovering the infringement. *Oral-B Labs.*, 810 F.2d at 21. In the present

case, the Federal Circuit noted that Chesebrough waited more than ten (10) years to bring its action against Venture. Pet.App. 17a.

There was no indication in *Oral-B Labs.* that the plaintiff had permitted extensive third party dilution of its alleged trade dress. In the present case, Chesebrough has admitted in its Petition that, for more than twenty (20) years, it permitted third parties to use trade dress similar to that of pre-1989 VICL. Pet. p. 4. The Federal Circuit noted that Venture's use of its private label trade dress goes back ten (10) years. Pet. App. 17a. As demonstrated in Appendices A, B and C, the dilution of both the pre-1989 and post-relaunch VICL trade dress has been extensive and significant in both scope and nature.

The list of differences between this case and *Oral-B Labs.* could go on for several pages. However, the point is clear - - trade dress and trademark actions are highly factual in nature. Each case must be reviewed in light of its unique facts. *see, Conagra v. George A. Hormel, & Co.*, 990 F.2d 368, 371 (8th Cir. 1993), *Squirtco v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980)(consideration of "numerous factors" to determine likelihood of confusion). There are few trademark actions in which matters of law dominate. *see, Conagra*, 990 F.2d at 370-371. The present case is no exception to this rule.[4]

Chesebrough has attempted to create a rule under which Venture could now be enjoined from continuing to use trade dress with the unique Venture logo which it has employed in slight variations for more than ten (10) years. Chesebrough's premise for this novel new rule is the alleged "presumption . . . that intentional copying gives rise to a likelihood of confusion."

---

[4] Chesebrough has also cited four district court decisions as supportive of its contention that there is a division among the Circuits created by the decision of the Federal Circuit here. Pet. p. 12, n. 9. However, since none of those prior decisions was by a Court of Appeals they do not establish the law within their respective Circuits. In addition, each decision is limited by its unique facts, none of which parallel the situation here.

Pet. p. 12. Chesebrough fails to note that the Eighth Circuit has ***not*** adopted such a rule; a circumstance which did not elude the Federal Circuit. Pet. App. 13a - 15a.

Chesebrough now relies on *Oral-B Labs.*, a Second Circuit decision, for support of its novel "presumption". Pet. p. 12. However, the facts in *Oral-B Labs.* do not include the use of a unique private label (Venture) logo or the long history of trade dress dilution which the Federal Circuit noted in the present case. (Pet. App. 16a-17a and 23a). In addition, any "presumption" of likelihood of confusion is far outweighed and rebutted by the absence of actual confusion between the Venture and VICL products over many years of concurrent sales. In all other respects, the Federal Circuit ably disposed of Chesebrough's argument that the "presumption" of likelihood of confusion should be employed here. Pet. App. 12a-15a.

B. Other Trademark and Trade Dress Arguments of Chesebrough

Much of the remainder of Chesebrough's Petition sounds themes already addressed in this Brief. Rather than belabor these points, we will respond concisely to the additional matters raised by Chesebrough:

1. Chesebrough contends that its alleged confusion witness, Mrs. Beverly Sickles, whose testimony was completely discounted by both the Federal Circuit's majority and dissent (Pet. App. 11a-12a and 30a), "mistakenly purchased the defendants' product". Pet. p.16. This is false. Mrs. Sickles purchased a ***Target*** private label product (Appendix E; see also Appendix A-1). Chesebrough now apparently asserts that the Target private label is non-infringing. Pet. p. 8, n. 4. This casts even more doubt on the relevance of Mrs. Sickles' testimony.

2. Chesebrough has condoned the use of "in-store signs inviting the consumer to 'compare'" private label and national brand products. Pet. p. 17. Chesebrough has argued through-

out this case, however, that use of such "compare to" statements on ***labels*** for Venture's skin lotion product constitutes trademark infringement. In its Petition, Chesebrough ignores the fact that ***both*** trademarks used on labels ***and*** displays associated with goods (e.g. in-store signs) are considered appropriate trademark use (15 U.S.C. §1127, "Use in Commerce"). Therefore, Chesebrough's assertion that on-label use of "compare to" statements is infringing but in-store signs are permissible is contrary to law and simply does not make sense.

3. Chesebrough maintains that the clear error committed by the trial court in finding actual confusion was an insufficient basis, standing alone, for the Federal Circuit to reverse the judgment of the trial court. Pet. p. 19-22. Chesebrough's argument overlooks both the significance of the absence of actual confusion evidence and the critical undisputed facts which the trial court ignored in reaching the finding of likelihood of confusion.

The Eighth Circuit has held that evidence of actual confusion is so important that its presence or absence is the dividing line between obtaining damages or only injunctive relief. *Woodsmith Publishing Co. v. Meredith Corp.*, 904 F.2d 1244, 1247 n. 5 (8th Cir. 1985) and *Co-Rect Products, Inc. v. Marvy! Advertising Photography, Inc.*, 780 F.2d 1324, 1329-30 (8th Cir. 1985). The absence of actual confusion evidence here was viewed by the Federal Circuit alongside critical evidence which the trial court overlooked: Venture's use of its distinctive logo and the long history of private label versions of VICL. Pet. App. 16a-17a and 22a-23a.

Therefore, contrary to the assertions of Chesebrough (Pet. 21 - 22), the present case involves clear errors of both commission and omission by the trial court, ***not*** a reweighing of evidence by the Federal Circuit. The decision of the Court in *Ives Labs., Inc. v. Darby Drug Co.*, 638 F.2d 538 (2d Cir. 1981), *rev'd*, 456 U.S. 844 (1982), relied upon by Chesebrough, which dealt with re-weighing of evidence, is inapposite. In fact, the

Federal Circuit here accepted the other findings of the trial court "as true" and did not reweigh or otherwise reevaluate them. Pet. App. 16a.

C. The Federal Circuit Did Not Undermine the Doctrine of Equivalents

The claims of Chesebrough's VICL patent limit Chesebrough's invention to a combination of certain chemicals in a ratio of "about 40:1 to about 1:1".[5] Chesebrough argues that its claimed ratio of "about 40:1 to about 1:1" can be stretched under the so-called "doctrine of equivalents" to include a ratio of 162.9 to 1, which represents Ansehl's formulation of similar chemicals sold by Venture. Chesebrough further asserts that this Court's precedent in *Graver Tank v. Linde Air Products,* 340 U.S. 845 (1950) was controverted by the Federal Circuit's determination that "about 40:1 to about 1:1" is not equivalent to 162.9 to 1. Pet. pp. 23-25.

The doctrine of equivalents is an equitable doctrine which comes into play only in cases in which there is an absence of literal infringement. Pet. p. 24. In this regard, it should be noted that Chesebrough has not sought review of the Federal Circuit's reversal of the trial court's determination of literal infringement. See, Pet. App. 5a-8a.

The doctrine of equivalents evaluates the alleged infringement in terms of whether the defendant's product performs the same function in the same way and accomplishes the same result as the

---

[5] Claim 1 of United States Patent No. 4,939,179, the only independent claim, reads as follows:

> 1. An aqueous cosmetic emulsion comprising:
>
> i) an isoparaffin;
>
> ii) a C_8 - C_{22} alkyl phosphate salt; wherein the isoparaffin and alkyl phosphate salt are present in a respective weight ratio of from about 40:1 to about 1:1, and said emulsion having a viscosity ranging from 35 to about 90 Brookfield units as measured with a Brookfield Viscometer Model LVT using a #4 spindle rotating at 60 rpm at 25°C.

alleged invention. *Graver Tank*, 339 U.S. at 608. However, the doctrine of equivalents cannot be used to erase "meaningful structural and functional limitations of the claim on which the public is entitled to rely in avoiding infringement." Pet. App. 8a, *citing Pennwalt Corp. v. Durand-Wayland, Inc.*, 833 F.2d 931, 935 (Fed. Cir. 1987)(en banc), *cert. denied*, 485 U.S. 1009 (1988) and *Graver Tank*, 339 U.S. at 610.

Chesebrough asserts that the formulation contained in Venture's product is "of inferior quality to VICL". Pet. p. 8. Chesebrough fails to explain how a chemical formulation can be ***both*** infringing under the doctrine of equivalents (i.e. satisfies the function/way/result test) ***and*** at the same time ***inferior*** to the patented product.

It should be noted that the Federal Circuit was unanimous in rejecting the "logic" of Chesebrough in relation to the application of the doctrine of equivalents. The Federal Circuit's determination was based upon the plain wording of the patent claim at issue as well as:

(a) The fact that the inventors emphasized the critical importance of the claimed ratio in achieving the alleged "synergistic" increase in viscosity of VICL represented by the patented invention (Pet. App. 6a-7a);

(b) The inventors indicated in their patent specification that the optimal ratio for incorporating the chemical elements involved to achieve the desired "synergism" was "between 10:1 and about 6:1" Pet. App. 6a. Thus lower (e.g. 10 to 1), rather than higher (e.g. 162.9 to 1), ratios are more desirable in achieving the favorable results of the invention.

(c) Chesebrough admitted (and later withdrew its admission) that "a ratio greater than 150:1 to 1:1 is ... outside the scope of the claims." Appendix D-3.

Therefore, by Chesebrough's own admission of the "inferior" nature of the alleged infringing product, the clear meaning

of the patent claims, the criticality of the ratio of chemicals set forth in the patent claims and the emphasis Chesebrough placed on lower (rather than higher) ratios, infringement through the doctrine of equivalents is not present here.

CONCLUSION

In summary, this case does not involve a division of opinion between Circuits, nor a clear error of law, nor does the decision of the Federal Circuit impose any fundamental unfairness on Chesebrough. This case simply does not have the import of a matter justifying the attention or resources of the United States Supreme Court.

Respectfully submitted,

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Washington, D.C. 20006
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Company and Venture
Stores, Inc.

* *Counsel of Record*

33%
FR
20 FL. OZ. AT
PRICE
enriched
skin
care
lotion
soothes softens moisturizes
TARGET

* COMPARE TO VASELINE® INTENSIVE CA
Ames
Skin Care Lotion
33% MORE FREE
20 FL. OZ. AT 15 FL. OZ. PRICE
FOR EXTRA-DRY SKIN
Feels soothing on chapped and dry skin. Non-Greasy
20 FL. OZ. (1 PT. 4 FL. OZ.)

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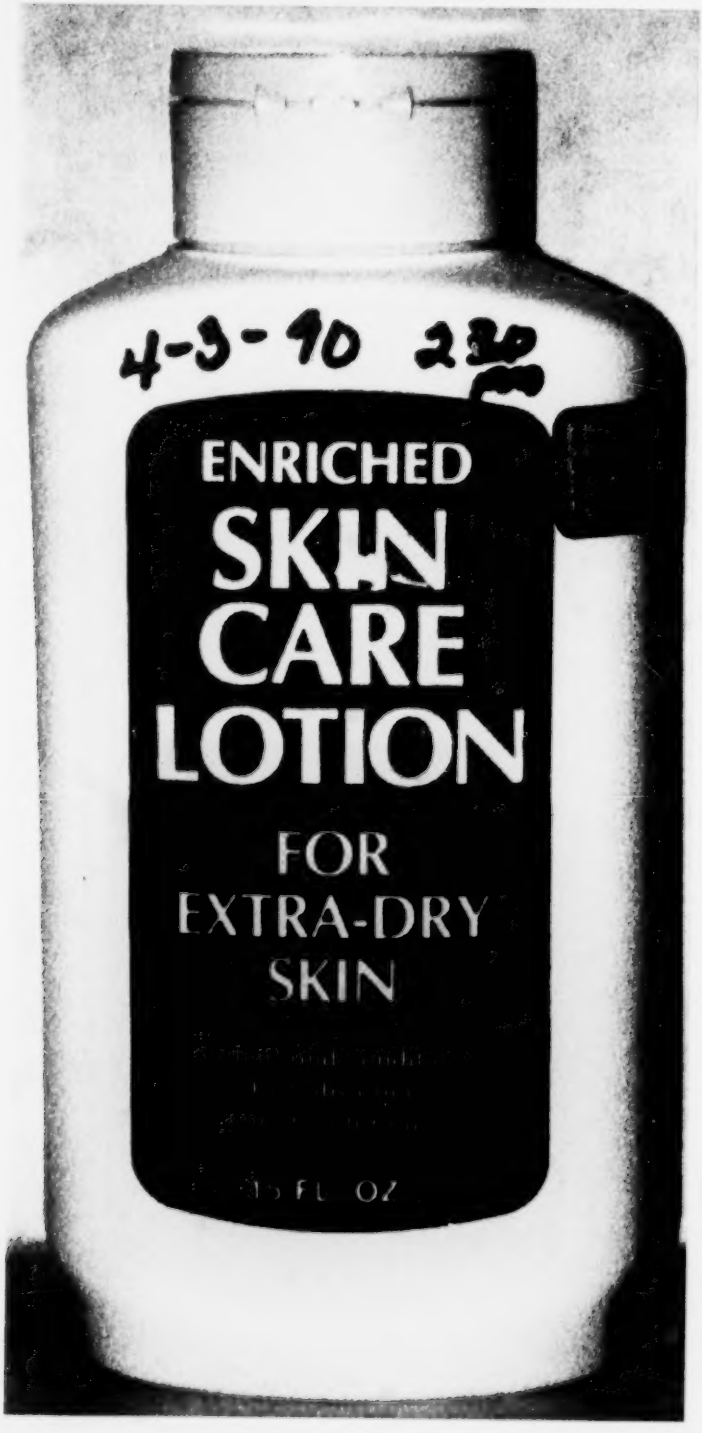
UNCONDITIONALLY GUARANTEED
Skin Care
LOTION
RELIEVES OVER-DRY SKIN
15 FL OZ

NEW IMPROVED
MORE HEALING INGREDIENTS
Skin
Care
LOTION
Soothes
Over-Dry Skin
15 FL OZ (444 mL)

DISCOUNT
drug mart
FOOD FAIR
08950
3.29
1.49
Skin Care Lotion
RELIEVES OVER-DRY SKIN
NET 15 FL. OZ. (444 ml.)

ENRICHED FORMULA
vi-jon
EXTRA-CARE
LOTION
FOR OVER-DRY SKIN

Snyder
Skin
Care
Lotion
HELPS SOFTEN DRY SKIN
NET 15 FL. OZ. (444 mL)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FOR
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SKIN

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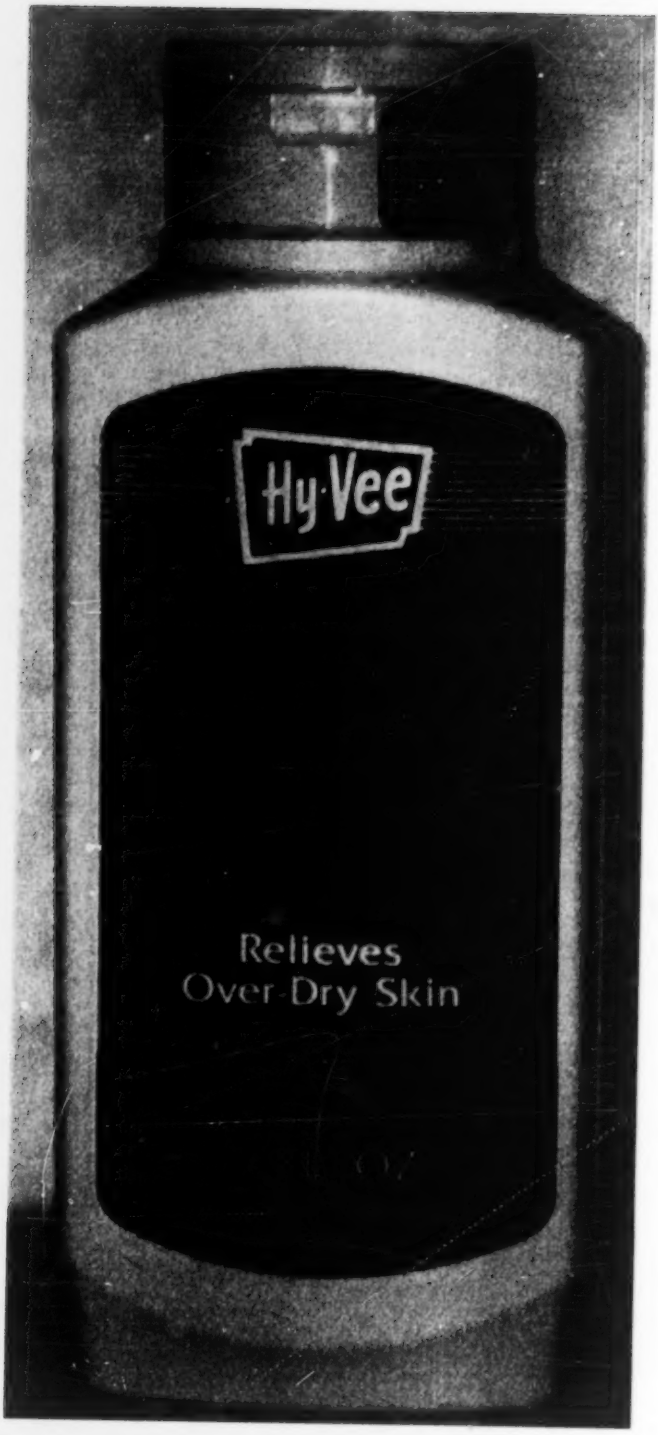
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SKIN
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OVER DRY
SKIN

STOP & SHOP
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SKIN
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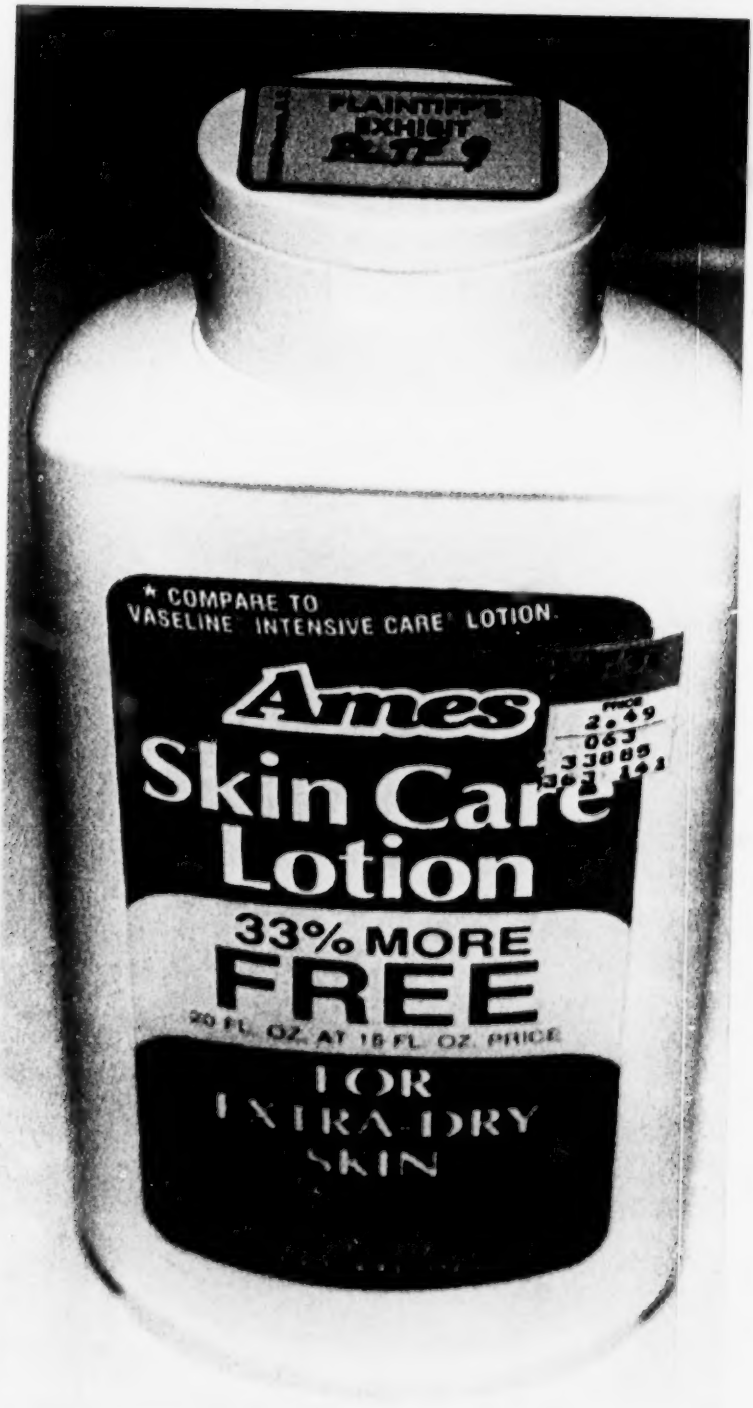
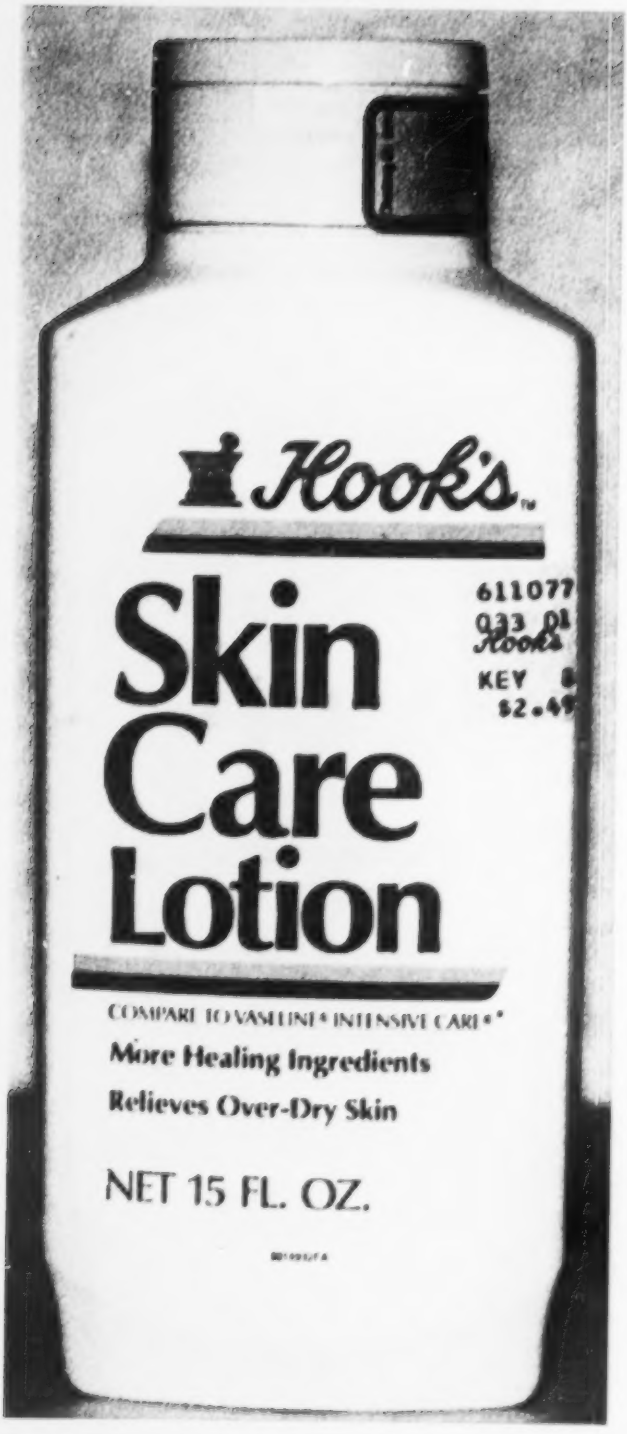

PLAINTIFF'S EXHIBIT
* COMPARE TO VASELINE INTENSIVE CARE LOTION
Ames
Skin Care Lotion
33% MORE FREE
20 FL. OZ. AT 16 FL. OZ. PRICE
FOR EXTRA-DRY SKIN

SAFEWAY
SKIN CARE
LOTION
Relieves Over-Dry Skin
Compare to Vaseline® Intensive Care™ Lotion*
15 FL OZ (444 ML)


Hook's™
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Hook's
KEY
$2.49
Skin Care Lotion
COMPARE TO VASELINE® INTENSIVE CARE®*
More Healing Ingredients
Relieves Over-Dry Skin
NET 15 FL. OZ.

COMPARE TO THE INGREDIENTS OF VASELINE INTENSIVE CARE
Brite-Life
MORE HEALING INGREDIENTS
Skin care
LOTION
RELIEVES OVER-DRY SKIN
15 FL. OZ. (444 ml)

Chopp
GENERAL MOSE
$2.39
Skin Care
Lotion
NET 15 FL. OZ. (444 ml)

C - 1

DEFENDANT'S
EXHIBIT
II-1
Skin Care
Lotion
Feels soothing on chapped
and dry skin - Non Greasy

33% MORE
FREE
15 FL. OZ. PLUS 5 FL. OZ. FREE
SkinCare
Lotion
FOR EXTRA-DRY SKIN

DEFENDANT'S
EXHIBIT
11-32
Special
$1.99
Walgreens
professional
care lotion
smooths and
softens
dry chapped
skin

2/1/91
12:40
$2.29
Natural
Care
Lotion
Softens
Dry Skin

DEFEND.
EXHIB.
H-30
Payless
Skin
Care
LOTION
HELPS SOFTEN DRY SKIN

LOTION
FOR EXTRA-DRY SKIN
Feels soothing on chapped
and dry skin - Non Greasy
15 FL. OZ.
Distributed by
CALDOR INC.
Norwalk, Conn. 06852

DEFENDANT'S
EXHIBIT
11-29
Revco
Skin
Care
LOTION
15 FL. OZ.

RITE
AID
ENRICHED
Skin
Care
Lotion
FOR
OVER-DRY
SKIN
OZ

EXHIBIT
11-28
PERRY
BeautyCare
Skin
Care

DEFENDANT'S
EXHIBIT
3-31
Skin
Care
LOTION
Relieves Over-Dry Skin
ShopKo
15 FL. OZ. (444ml.)

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Civil Action No. 90-1475-C-3

CONOPCO, INC., doing business as
CHESEBROUGH-POND'S USE CO.,

Plaintiff,

v.

MAY DEPARTMENT STORES COMPANY,
VENTURE STORES, INC.,
THE BENJAMIN ANSEHL COMPANY, and
KESSLER CONTAINERS LTD.,

Defendants.

Plaintiff's Amended Response To Defendant, The Benjamin Ansehl Company's, First Set Of Requests For Admissions

---

Pursuant to Rule 36 of the Federal Rules of Civil Procedure, plaintiff, Chesebrough-Pond's USA Co. ("Chesebrough"), hereby objects and responds to defendant, The Benjamin Ansehl Company's ("Ansehl") First Set of Requests For Admissions, follows:

General Objections

1. Chesebrough objects to Ansehl's Requests For Admissions on the grounds that Ansehl has resorted to combing through the prosecution file history of Chesebrough's United States Patent No. 4,939,179 and framing its requests to elicit not the authorship and authenticity, but the contents and meaning of the individual papers contained in that public record which is open for all to read. Those components papers of the prosecution file history of the patent in suit speak for themselves and

are improperly made subjects of requests for admissions pursuant to Rule 36 of the Federal Rules of Civil Procedure in that such prosecution file history can be fully authenticated by obtaining a certified copy of such document from the United States Patent and Trademark Office.

2. Chesebrough objects to Ansehl's Requests For Admissions on the grounds that it seeks to discover information with respect to whether prior art patents contained in the prosecution file history of the patent in suit demonstrate a proper and sufficient disclosure of scientific information to a cosmetic chemist skilled in the art. Such requests for admission are an improper method of discovering the information sought which can more properly be obtained through the testimony of expert witnesses who can inform the Court what in fact the nature of the disclosure would be to a cosmetic chemist skilled in the art and whether such disclosure was sufficient in law under 35 U.S.C. § 112.

3. Chesebrough objects to Ansehl's Requests For Admissions insofar that it seeks information that is irrelevant, immaterial and not reasonably calculated to lead to the discovery of admissible evidence.

4. Chesebrough objects to Ansehl's Request For Admissions insofar as it is vague, ambiguous and broad and seeks admissions or denials by Chesebrough concerning misquoted portions of the claims of the patent in suit and incorrect and confusing paraphrases of portions of the specification of the patent in suit. As a result, many of defendant's requests are unintelligible and unanswerable.

Specific Responses

Without waiver of any of the above general objections, Chesebrough answers the following requests as follows:

REQUEST FOR ADMISSION NO. 23

That the use of insoparaffins and alkyl phosphate salts in a ratio greater than 150:1 to 1:1 is [sic] a cosmetic emulsion is outside the scope of the claims of U.S. Patent 4,939,179.

AMENDED RESPONSE TO REQUEST NO. 23

Admit

Dated: November 13, 1990

MOLINE, OTTSEN, MAUZE,
LEGGAT & SHOSTAK

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D - 4

THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI

Civil Action No. 90-1475-C-3

CONOPCO, INC., d/b/a/
CHESEBROUGH-POND'S, USA CO.,

Plaintiff,

v.

THE BENJAMIN ANSEHL CO., et al.,

Defendants.

Defendants Memorandum In Opposition To Plaintiff's Motion To Amend Its Answer To Request For Admission No. 23 Pursuant To Rule 36(b) Fed. R. Civ. P.

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I. INTRODUCTION

Plaintiff Conopco, Inc. (Conopco) seeks leave to amend its first amended response to Defendant, The Benjamin Ansehl Company's (Ansehl's) Request for Admission No. 23, in which it admitted that a skin care lotion having a ratio of isoparaffin and alkyl phosphate salt ("salt") greater than *150:1* is not covered by the claims of the Cheney et al. patent in suit. This admission *conclusively establishes* that the lotion made and sold by Ansehl since the issuance of the Cheney et al. patent at a ratio of *162:9:1*, is non-infringing.

To justify the withdrawal of this key admission, Canopco claims that "its proposed amendment to Admission Request No.23 is proper because its present answer was based on an erroneous assumption" that Ansehl had *increased* the level of isoparaffin in its lotion, rather than *decreased* the concentration of salt it contained. Canopco's Memorandum in Support, p.8. Canopco claims that it *incorrectly assumed* Ansehl increased the leval of isoparaffin to 37.5% of the lotion and therefore tested a base lotion containing that amount of isoparaffin. Canopco's Memorandum in Support, p.4; Ex. A thereto (March 4th Ghosh Decl.), ¶¶ 4,7, and 10 (Reprinted at Appendix B attached hereto). This claim lacks credibility.

In reality Conopco's motion is nothing less than a brazen attempt to tailor its interpretation of the claims of the Cheney et al. patent to coincide with the actual formulation of Ansehl's lotion, now that it has learned the actual formulation. This belated motion, offered on the eve of submission to the Court for final decision of Defendants Motion for Partial Summary Judgment as to patent infringement, should be rejected for the following reasons:

1) Conopco's claim that it based its admission on an erroneous assumption is inconsistent with the facts.

2) Conopco has not and cannot justify waiting until the eleventh hour to seek this amendment. Conopco received Ansehl's production records over four months ago, the *day after* its admission was served on Ansehl.

3) Canopco's "new" evidence is virtually identical to the "old" evidence relied upon by Conopco to admit Request No. 23.

4) Should Conopco be permitted to withdraw its admission at this late date, the removal of the conclusive establishment of noninfringement provided by Conopco's admission will greatly prejudice defendants who, in the exercise of prudence, will be forced to expend precious time and effort to pursue expedited discovery on all patent issues prior to the discovery cutoff less than 100 days away.

Granting Conopco leave to withdraw its admission of Request No. 23 on the purported grounds presented by it in its motion would be a *disservice* to a fair presentation of the merits of the case and would greatly prejudice the Defendants if granted. Defendants, therefore, respectfully urge that it be rejected. In the alternative, should Conopco be permitted to withdraw its admission at this time, Defendants ask this Court for the expenses and fees occasioned by its reliance on Conopco's original admission.

II. BACKGROUND

Defendants served Conopco with requests for admissions on September 14, 1990. Twenty days later, on October 4, 1990 Conopco served document requests on defendants, requesting, *inter alia,* Ansehl's production records. On November 8, 1990, counsel for Conopco sent a facsimile to Defendants' counsel stating Conopco's position that it need not respond to certain requests until after it had learned of Ansehl's product formula-

tion (Ex. 1, p. 2,¶1 attached). Ansehl filed a Motion for Protective Order in order to ensure that Conopco's admission or denial of Request No. 23 was not tainted by knowledge of Ansehl's product formulation.[1] Ansehl sought a Protective Order providing formulation until Conopco answered Request No. 23 (Ex. 2, attached)[2] . Ansehl, however, withdrew this motion (Ex. 5, attached) when Conopco agreed to the discovery sequence sought to be maintained by the proposed order and answered Request No. 23 (Ex. 3, attached). The parties filed a joint stipulation with the court reflecting that the discovery dispute had been resolved by Conopco's acquiescence in Ansehl's proposed sequence of discover. (Ex. 6, attached). Conopco admitted request no. 23, Ansehl revealed its skin care formulation that same day (Ex. 4, p. 2, ¶1 attached), and now, four months later, Conopco seeks to change its admission to essentially a denial on the asserted basis that Ansehl's revelation of its formulation exposed an erroneous assumption on which Conopco had based its original admission. A chronological list of events in this case is attached hereto as Appendix A.

III. CONOPCO'S POSITION

Conopco's fundamental supposition is that the "the unique interaction" of isoparaffin and salt[3] "substantially increases

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[1] As explained in Ansehl's Memorandum in Support of its Motion for a Protective Order, Request No. 23 is directed to Conopco's position as to the *scope* of coverage of the claims to the Cheney et al. patent, not to whether Ansehl's lotion infringed those claims. As such, the actual formulation of Ansehl's lotion was *immaterial* to the request, contrary to Conopco's present assertions.

[2] Ansehl feared, as it turns out, legitimately, that Conopco would attempt to tailor its response as to the scope of the Cheney, et al. patent, to fit Ansehl's actual formulation, if Conopco were permitted to peruse Ansehl's production records prior to making its response.

[3] The Cheney et al. patent also argues the criticality of the ratio of about 40:1 to 1:1 of isoparaffin to salt to achieve enhanced viscosity. Conopco is

viscosity" for skin care lotions to a level of 35 to about 90 Brookfield Units[4], a viscosity level deemed to be consumer acceptable in the Cheney et al. patent. February 15th Ghosh Declaration, ¶15, March 4th Ghosh Declaration, ¶13. Conopco claims that in order to respond to Ansehl's Request No. 23, it increased the level of isoparaffin in a generic or "base" lotion[5] to 37.5% of the total lotion and measured the resulting viscosity. Since the viscosity of the base lotion containing 37.5% isoparaffin and 0.25% salt only registered a viscosity of 32.7 (See Ex. 1, p.3 to the March 4th Ghosh Decl.), Conopco admitted that a lotion with a ratio of 150:1 is not covered by its patent claims.

Rule 36(b) provides for withdrawal of admissions only where "the presentation of the merits will be subserved thereby and the party who obtained the admission fails to satisfy the court that withdrawal or amendment will prejudice that party in maintaining the action . . . . " This is an "exception to the rule", *Donovan v. Carls Drug Co., Inc.* 703 F. 2d 650, 652 (2d Cir. 1983) (Denial of request to retract admissions; affirmation of summary judgment based on those admissions.) and is generally allowed in those situations where the admission is made through inadvertence or mistake. 4A J. Moore, J. Lucas & D. Epstein, Moore's Federal Practice ¶ 36.08 (2d Ed. 1990).

In order to fit within this exception, Conopco argues that its admission was based on the erroneous assumption that "defendants had increased the isoparaffin level of its product and

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essentially attempting to "read out" of the patent any mention of or requirement for this specific ratio.

[4] Under certain designated test conditions recited in the Cheney et al. claims.

[5] The base lotion used by Conopco to test for ratios of 50:1 through 150:1 is the *same* "base formula" shown in Example 1 of the Cheney et al. patent and used throughout the examples contained in the Cheney et al. patent. See Cheney et al. patent, columns 4-7 attached hereto as Appendix C.

had kept constant the level of alkyl phosphate salt (Ghosh Dec1.¶7)." Conopco's Memorandum, p.4. [6]

Conopco goes on to argue that it was only after reviewing Ansehl's production records that it realized it had made an erroneous assumption. "Thereafter, Ansehl produced its production records to Chesebrough. Chesebrough sent these records to its technical expert, Dr. Ghosh, who, upon reviewing these documents, realized for the first time, that Ansehl had achieved the 162.9:1 ratio by holding the level of isoparaffin constant and by substantially reducing the level of alkyl phosphate salt." Conopco's Memorandum, p.5. Conopco claims that it thereupon retested its base lotion using the lowered level of slat shown by Ansehl's records, and also tested Ansehl's exact formula of lotion which uses a 162.9:1 ratio of isoparaffin to salt. These test results are reflected at Ex.2 to the March 4th Gosh Decl., last two rows reflecting "2I, .0123 Amphisol(salt)". When tested, the base lotion with lowered salt content registered a viscosity reading of 31 and the Ansehl lotion a reading of 54.3. See Ex. 2 of the March 4th Ghosh Decl. Conopco argues that these new tests show that "Ansehl used the teaching of Claim 1 of the '179 patent, namely, the interaction of isoparaffin and alkyl phosphate salt to produce the significant increase in viscosity levels." Conopco's Memorandum, P.6,

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[6] Among the many items left unexplained by Conopco is why *initially* it failed to test a lotion in which the *150:1* ratio was produced by lowering the level of salt in addition to its test in which it raised the level of isoparaffin. It does not require a Ph.D. in chemistry to recognize that a relative ratio of 40:1 can be changed to 150:1 either by raising the content of one ingredient or by lowering the content of the other. Certainly disclosure of Ansehl's formula was not necessary for Conopco to obtain this obvious insight.

IV. CONOPCO'S MOTION SHOULD BE DENIED

A. Conopco's claims do not withstand scrutiny

Contrary to Conopco's assertions, Conopco could not possibly have assumed that "Ansehl had increased the amount of isoparaffin to . . . 37.5% (where the ratio is 150:1)." March 4th Ghosh Decl. ¶10. As Conopco is well aware, use of this level of isoparaffin is unstable and unsafe. Moreover, as shown by *Ansehl's product label, Ansehl's use of this level of isoparaffin would be physically impossible.* These facts, and Conopco's awareness of them, are already disclosed in the record.

As testified to by Dr. Ghosh, use of 37.5% isoparaffin literally causes the lotion to fall apart. ". . . where the amount of isoparaffin is unusually high; specifically, thirty-seven point five with the Amphisol (salt) at point two five, you get a physical instability of the emulsion (lotion)." Ghosh Depos. transcript, p.136. Appendix D. attached. Conopco could not possibly have "assumed" that Ansehl's lotion contained a physically unstable level of isoparaffin.

Similarly, Conopco knew that use of that level of isoparaffin was *literally unsafe* and could not possibly have been utilized by Ansehl. As stated by Dr. Ghosh in his March 4th Declaration, "Isoparaffin is a volatile (explosive) hydrocarbon which tends to destabilize oil and water emulsions. Also, by substantially increasing the levels of isoparaffin, there is a possibility that the lotion can be unsafe to human skin." March 4th, Ghosh Decl., ¶8.

Finally, Conopco was well aware that Ansehl's use of the 37.5% isoparaffin was a *physical impossibility* in light of Ansehl's product label.[7] As stated by Dr. Ghosh in his February 15th Declaration, ¶6: "through experience, I have learned that

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[7] A copy of Ansehl's skin care lotion label is attached at Appendix E.

packaging for health and beauty aid products must bear a list of ingredients *in descending order of content . . .*"(Emphasis added.) As reflected on Ansehl's label, isoparaffin *is listed fourth.* Therefore, each item listed above isoparaffin on Ansehl's label would be included at the level of 37.5% or greater if Conopco's "assumption" were to be given credence. Thus, Conopco would have the Court believe that it assumed Ansehl's lotion had a level of isoparaffin which results in a total composition of at least 150% (37.5% X 4), even if every other ingredient below isoparaffin were eliminated.[8] No product can contain greater than 100% total content. Hence, Conopco's assertion lacks even facial credibility.

In short, Conopco has clearly manufactured an "error" based on an unnecessary "assumption" in the hope that the Court will relieve it of an admission that eliminates any hope of finding infringement at the ratio of isoparaffin to salt actually used by Ansehl. This charade should be firmly rejected.

B. Conopco has not and cannot justify its delay

As shown by Ex. 4 attached, Ansehl sent its production records to Conopco by Federal Express *on November 13th, the same day* Conopco admitted Request No. 23. Thus, Conopco received Ansehl's formula the day after making its admission. Any "erroneous assumption" as to Ansehl's composition was therefore immediately made apparent by Ansehl's production records. Conopco has not and cannot justify why it delayed over four months until the eve of the final submission of Ansehl and Venture's Summary Judgment Motion to attempt to withdraw its admission. Dr. Ghosh admits that *he personally reviewed* Ansehl's production records in January, 1991. March 4th Decl., ¶10. Cocopco's unjustifiable delay can only have been calculated to give Ansehl the minimum amount of time before sub-

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[8] For the same reason, Conopco was aware that Ansehl could not have used 25% isoparaffin, the level it tested for its 100:1 ratio of ingredients.

mission of its Summary Motion to the Court for final decision and prior to the discovery cutoff to react and respond to the possible elimination of the "conclusive establishment" of non-infringement provided by Conopco's admission to Request No. 23.

Conopco's attempt to tailor the scope of its patent claims to fit the actual composition used by Ansehl and to maneuver a tactical advantage by unjustifiably delaying the filing of its motion to amend until the last minute amounts to an abuse of the rules of discovery and should be rejected.

C. Conopco's "new"evidence is virtually identical to the "old" evidence.

When Conopco tested its based lotion used in its patent with isoparaffin at a level of 37.5% [9] , it registered a viscosity of 32.7, which was rejected as outside the claimed range of 35 to about 90 shown in claim 1 of the Cheney et al. patent. When Conopco retested its base lotion with isoparaffin held constant and salt levels reduced to .0123%, the level actually used by Ansehl, *it registered a viscosity of 31.*[10] Thus, when the identical levels and ratio of isoparaffin and salt used by Ansehl were inserted in the lotion tested by Conopco in its patent, the resulting viscosity was lower, not higher, than the 32 rating Conopco had previously achieved in using a supposedly "erroneous" level of isoparaffin. The rating was also *clearly outside* the scope of 35 to 90 claimed by Conopco. Thus, Conopco asks the Court to relieve it of an admission on the basis of test results which actually *confirm* its earlier admission.

Moreover, Conopco unwittingly conducted a controlled experiment that unequivocally demonstrates that it is *not* the

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[9] Page 3 of Ex. 1 to the March Ghosh Declaration.

[10] See Ex. 2 to March 4th Ghosh Decl., "2I.0123Amphisol(salt), Base Lotion.

"unique interaction of isoparaffin and salt" at Ansehl's actual ratio of 162.9:1, which causes the "enhanced viscosity" of Ansehl's product. Conopco did so by testing the viscosity of Ansehl's *actual formula* (including 2% isoparaffin and .0123 salt) and comparing it to its patent's based lotion (also including exactly the same 2% isoparaffin and .0123% salt). See "Base Lotion" and "VICL Copy" (sic) test results at 162.9:1 I to Amphisol (salt) shown at Ex. 2 to Ghosh's March 4th Declaration. While the base lotion only registered an unacceptable viscosity of 31, the actual Ansehl formula registered a robust 54.3. Necessarily, therefore, the dramatic increase in the viscosity of the Ansehl lotion is caused by *something other than* the "unique interaction" of isoparaffin and salt, since these were used in identical amounts and ratios in both formulations.[11]

Since Conopco's new test results do not materially differ from those relied upon for its earlier admission supposedly made under an erroneous assumption, and since they actually demonstrate that the "unique combination" of isoparaffin and salt at these levels is not the cause of Ansehl's enhanced Viscosity, Conopco should not be permitted to withdraw an admission contrary to its own submitted evidence.

---

[11] This test precisely complements those conducted by Sol Benkendorf in which the *complete removal* of salt from Ansehl's formulation has *no effect* on the viscosity of the skin care lotion. See Decl. of Sol Benkendorf attached as Ex. 3 to Ansehl's Memorandum in Support of Summary Judgment, ¶¶6-7. Conopco's assertion that the relative viscosities of lotions containing isoparaffin and salt vs. mineral oil and salt shows that the *combination* of isoparaffin and salt at these levels enhances viscosity is a non-sequitur. In the Cheney et al. patent, Conopco's base lotion containing mineral oil *without* salt and isoparaffin *without* salt achieved *virtually identical* viscosities (19.5 vs. 19; 32 vs. 31, respectively) as the viscosities shown by Conopco testing the same base lotion with .0123% salt. See Cheney et al. patent, Appendix C attached, Table VIII. At these levels, isoparaffin simply produces more viscosity than mineral oil regardless of the presence of salt in the lotion.

D. Amendment of Conopco's admission will greatly prejudice defendants.

Conopco claims Ansehl will not be prejudice since it has not even deposed Conopco's personnel concerning the patent issue. Conopco's Memorandum, p.9 Conopco's assertion misses the mark. Ansehl had not previously conducted depositions regarding the patent issues because Conopco's admission *conclusively established* that a lotion using the ratio actually employed by Ansehl is noninfringing. While Ansehl has presented solid evidence that its use of isoparaffin and salt at a ratio *more than four times* the ratio claimed in the Cheney et al. patent is non-infringing, the removal of the conclusive effect of Conopco's admission to Request No. 23 means than in the exercise of reasonable prudence, Ansehl must attempt to fully develop its patent case, including open questions concerning the validity of the Cheney et al. patent, with only slightly more than 90 days remaining before the discovery cutoff on June 22. Conopco cannot begin to claim that having to complete discovery on a patent infringement cause of action under such time constraints will not prejudice Defendants.[12]

Similarly, granting Conopco leave to withdraw its admission cannot help but disrupt the orderly consideration of Defendants' Motion for Summary Judgment, already submitted to the Court for final decision. Conopco's only argument against summary judgment as to patent infringement is its insupportable assertion that production records showing Ansehl used a 40:1 ratio in February, 1990, somehow establish infringing manufacture or sale after July 3, 1990 when the Cheney et al. patent issued. (Conopco's Memorandum, p.10.) If Conopco seriously believes that its withdrawal of its admission is immaterial to the

[12] Defendants will of course be pressed to adequately complete preparation of their case for the patent claim. More importantly, valuable time and effort which would have been devoted to other issues will be lost.

Summary Judgment Motion, Defendants *invite* Conopco to stipulate that its admission to Request No. 23 will remain in force for purposes of the Court's ruling on the Summary Judgment Motion.

Defendants' prejudice resulting from withdrawal of the conclusive establishment of non-infringement provided by Conopco's admission to Request No. 23 is both real and clear from the record. Accordingly, Conopco's attempt to reap an unjustified tactical advantage at the eleventh hour should be denied.

V. ALTERNATIVE REQUEST FOR EXPENSES

In the event that the Court permits Conopco to withdraw its admission of Request No. 23, Defendants request that they be given ten (10) days to move the Court for an award of expenses incurred as a result of Conopco's belated motion. Defendants should be reimbursed for their fees and expenses that would not have been incurred but for Conopco's admission and Defendants' reliance on the facts contained therein as "conclusively established." Fed. R. Civ. P. 36(b). In *Howard v. Sterchi,* 725 F. Supp. 1572, 1577 (D.Ga. 1989), relied on by Conopco in its supporting memorandum, the court granted such leave to file for expenses in a similar situation because "the plaintiffs indeed were dilatory in failing to move for withdrawal at an earlier time." The court, after granting the motion to amend, stated:

> "The court, however, is aware that the defendants detrimentally relied upon the earlier admissions in preparing their motion for summary Judgment . . . Accordingly, the court permits them 10 days in which to move for expenses and fees occasioned by their reliance on the original admissions."

Id. As set out above, Defendant's relied on the admissions in preparing their motion for partial summary judgment. Defen-

dants should at least be reimbursed for costs associated with Conopco's belated motion to withdraw.

IV. CONCLUSION

As detailed above, Conopco's purported justification for withdrawing its key admission to Request No. 23 is unsupportable, its attempted withdrawal has been unreasonably delayed, its "new" facts in reality support the original admission, and withdrawal of the motion will clearly prejudice the defendants in the further prosecution of their defense. In fairness, the motion to amend Request No. 23 should be denied.

Respectfully submitted,

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APPENDIX E

A. Uh-huh.

Q. — complaining about the fact you couldn't get the cap off Plaintiff's Exhibit 3. And did you get an answer?

A. Yes, I did.

Q. And what did the answer tell you?

A. They were sorry I was having—more or less they were sorry I was having problems getting the cap off, and they sent me a $ 3 check to pay for a new bottle of lotion and a couple of coupons.

Q. Okay. Did they tell you anything about how much was filled into the new bottle?

A. Yes. They put a little extra in so that people didn't have to worry if they didn't get it all drained out.

Q. But you still wanted it all out, is that right?

A. Oh, you bet.

Q. And you used to cut the bottles, you say?

A. Right.

Q. Now, Mrs. Sickles, did there come a time when you purchased another product, a skin care lotion? And let me ask you did it look anything like this exhibit, which is Plaintiff's Exhibit 12?

A. Yes, sir.

Q. And where did you make that purchase?

A. I made it at Target store.

Q. Target.

MR. CLARK: Judge, could I — could the record show a continuing objection to testimony about the Target bottle, which is not part of this case, as opposed to the Venture bottle?

THE COURT: The record will so reflect.

BY MR. TERZIAN:

Q. I'm sorry. I didn't hear you last answer, Ms. Sickles. Where did you purchase it?

A. Target store.

Q. Target store. You were in a Target store. In Iowa?

A. That is correct.

Q. Was it in Cedar Rapids?

A. In Cedar Rapids, uh-huh.

Q. Okay. How was that bottle displayed in the store? And in that connection I'll hand you back Plaintiff's Exhibit 3.

A. Okay. So that you can see how it was done, they were side by side in the store.

Q. Uh-huh.

A. And underneath the Target one they had a side—sign that said, "Compare the quality and the price."

Q. I see.

A. And it was on sale. That was the reason I went into the store that day. It happened to be on sale.

THE COURT: Counsel, now, I have an objection which is continuing, and I'm not too clear how evidence as to how it's displayed, the Target bottle and so on and so on in Cedar Rapids can have an effect on what involves the Venture bottle.

MR. TERZIAN: Well, your Honor, the Target product is a product of the Benjamin Ansehl Company.

THE COURT: Yes.

MR. TERZIAN: It's one of their customers. They've supplied it to them. And that bottle was purchased by the witness, and she experienced certain things when she made that purchase.

THE COURT: You're saying it's applicable to Ansehl?

MR TERZIAN: That's correct, your Honor, absolutely.

THE COURT: Proceed.

BY MR. TERZIAN:

Q. You said it was displayed side by side, and there was a sign that said, "Compare and save"?

A. That is correct.

Q. And there was a price difference?

A. Yes.

Q. What was that difference?

A. Almost a dollar.

Q. Okay. So you decided to buy the Target?

A. Well, because I felt that since they were side by side that it might be a cheaper brand of Vaseline Intensive Care, which I have used all these years.

Q. Okay. What led you to that thought at the time you made the purchase?

A. Bottles are similar. I looked in the back, and what they had contained was similar.

Q. You compared the ingredients?

A. That is correct.

Q. Okay. So your belief —

A. So I decided to try it.

Q. And you had this belief that you were purchasing something made by Vaseline Intensive Care?

A. That is correct.

Q. Had you ever had that kind of experience with other consumer products, Mrs. Sickles?

A. Well, yes, you know, like you buy Del Monte vegetables, and they make vegetables for other companies under a different brand. And they're cheaper, and they're generally not as good a quality. But I didn't — you know, I thought, "Well, what can you do to lotion?"

Q. Yeah. So you thought you'd give it a try?

A. Right.

Q. Did you take the Target bottle home?

A. Yes, I did.

Q. Did you give it a try?

A. Yes, I did.

Q. What did you find?

A. I didn't like it because it was watery.

Q. Compared to?

A. Compared to Vaseline Intensive Care.

Q. I see. Well, what did you do with the Target bottle?

A. Well, I set it by the kitchen sink because I can't throw anything away and used it after I washed dishes.

Q. And only after that, is that right?

A. That's correct.

Q. And did you go back to using Vaseline Intensive Care —

A. Yes, I did.

Q. — on the rest of your body?

A. Yes.

Q. Now, did you receive a telephone call after you made the Target purchase —

A. Yes, I did.

Q. — from a Chesebrough representative?

A. That is correct.

Q. And basically what happened at that time?

A. And I told them how unhappy I was about — and how I felt that the Target was made by Vaseline Intensive Care.

Q. And you said you were unhappy about it?

* * *

Representative?

A. That is correct.

Q. Okay. It there anything else you can add, Mrs. Sickles, to what happened when you brought the Target product?

A. Well, I guess as a consumer I kind of feel if you're going to have a product, you don't need to send — set it side by side with another one. I probably would have bought this if it had even been in another part of the store because it was on sale and I felt Vaseline Intensive Care actually made it. Even if it had been setting over here on a shelf and this one had been setting here —

Q. Why would you believe if it was separate from it that it was made by Vaseline Intensive Care?

A. Because of the shape of the bottle and the ingredients on the back. They are similar.

Q. And you found out you were going?

A. That is correct.

MR. TERZIAN: No further questions, your Honor.

THE COURT: You may cross- examine, Mr. Clark.

THE CLERK: Thank you, Judge.

CROSS-EXAMINATION

BY MR. CLARK:

Q. Ms. Sickles, I represent the Defendants in this case. We haven't met before, have we —

A. No.

Q. — or spoken?

A. No sir.

Q. The product you bought that you gave testimony about was from Target as opposed to Venture, is that correct?

A. That is correct, sir.

Q. And at the time you bought the product, you knew it had the Target logo on it, is that —

A. Yes, sir.

Q. It was just a question of not — being confused as to who might have made the product?

A. That is correct.

Q. Okay. Did you look on the bottle on the back to see who might have made it?

A. No, I did not. I just assumed from — like all people that go to the store, you see a bottle that's similar, you look at the ingredients and you feel that the same people made it.

Q. The name Target was on the front of the bottle, was it not?

A. That is correct.

Q. Okay. What, if any, reimbursement in the way of expenses and the like are you receiving to be here?

A. They just are paying my basic expenses to get me here and house me.

Supreme Court, U.S.
FILED
MAR 2 9 1995
OFFICE OF THE CLERK

No. 94-1437

IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

CONOPCO, INC. d/b/a CHESEBROUGH-POND'S USA CO.,
Petitioner,

v.

MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC.,
THE BENJAMIN ANSEHL COMPANY, and KESSLER CONTAINERS, LTD.,
Respondents.

On Petition for a Writ of Certiorari to the
United States Court of Appeals for the Federal Circuit

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

I. Whether Section 43(a) of the Lanham Act permits a court to ignore the prominence of a retailer's own competing logo or mark and the absence of any actual confusion over many years of side-by-side competition in determining whether a likelihood of confusion exists.

II. Whether an inference of confusion which arises from an intent to copy creates an irrebuttable presumption of a likelihood of confusion.

III. Whether a court may apply the patent doctrine of equivalents so as to effectively nullify an express requirement of a patent claim.

LIST OF PARTIES

Pursuant to Rule 29.1 of the Rules of this Court, Respondents The Benjamin Ansehl Company and Kessler Containers, Ltd. state that the only parties to this action are those listed in the caption. Respondents have no parent or subsidiary companies to be listed.

Conopco	Conopco, Inc., d/b/a Chesebrough Pond's USA Co.
Kessler	Kessler Containers, Ltd.
Venture	Venture Stores, Inc.
May	May Department Stores Company
Ansehl	The Benjamin Ansehl Company

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No. 94-1437

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On Petition for a Writ of Certiorari to the
United States Court of Appeals for the Federal Circuit

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

Respondents The Benjamin Ansehl Company ("Ansehl") and Kessler Containers, Ltd. ("Kessler") respectfully request that this Court deny the Petition for Writ of Certiorari seeking review of the Opinion of the United States Court of Appeals for the Federal Circuit. That Opinion is reported at 32 U.S.P.Q.2d 1225.

STATEMENT OF THE CASE

I. Overview

There is no reason for this Court to grant Conopco's Petition for Writ of Certiorari. To justify certiorari, Conopco claims that

the decision of the Federal Circuit conflicts with the law of the Second Circuit as reflected in *Oral-B Laboratories, Inc. v. Mi-Lor Corp.*, 810 F.2d 20 (2nd Cir. 1987) (*"Oral-B"*). This contention is not even colorable. Conopco asks this Court to transform an inference of confusion[1] into an irrebuttable presumption which would dispense with the need for any proof of likelihood of confusion and rewrite Section 43(a) of the Lanham Act. None of the cases Conopco cites stand for this proposition.

Focusing on contrived "conflicts" between the Federal Circuit's decision and *Oral-B*, Conopco doesn't mention the Federal Circuit's reliance on a later decision of the Second Circuit in *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033 (2nd Cir. 1992) (*"Bristol-Myers"*). The Federal Circuit's decision is entirely consistent with *Bristol-Myers*. Indeed, *Bristol-Myers'* facts are clearly more analogous to the facts of this case than *Oral-B's*. Conopco's failure to mention *Bristol-Myers*, much less explain how the Federal Circuit's decision could be in conflict, proves the frivolousness of its Petition.

Conopco states that the Federal Circuit's decision sets different standards for private label manufacturers and national brands such as VICL. On the contrary, the Federal Circuit's reliance on *Bristol-Myers* demonstrates the application of the same standards to both kinds of competitors. The applicable legal standards are the same for national brand or private label competitors. Conopco, not the Federal Circuit, is attempting to set different standards.

Preferring to mischaracterize the Federal Circuit's decision as an aberration, at odds with established law, Conopco never tells this Court what the Federal Circuit actually said or the stated basis for its decision. The Federal Circuit expressly held that the

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[1] The Federal Circuit applied Eighth Circuit law to the trade dress and trademark claims in this case. The Eighth Circuit has recognized an inference of likelihood of confusion upon proof of intent to copy. *Squirt Co. v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980) (*"Squirt Co."*).

District Court's finding of a likelihood of confusion was "clearly erroneous" because

> [t]he unique and extensive appearance of [the Venture] logo in the store parking lot, on store signs, on employees' badges, in Venture's frequent and periodic print and television advertisements, and on other private label items sold by Venture, the large volume of Venture's annual sales . . . and the dearth of evidence that consumers ever purchased the Venture brand thinking it to have originated from Conopco despite the extended (over 10 year) period over which the original and relaunched products were sold alongside the Venture brand, give rise to the expectation that consumers . . . use [the Venture] logo to successfully distinguish between the two brands.

Conopco Inc., d/b/a Chesebrough-Pond's USA Co. v. May Department Stores Co., et al., ___ F.3d ___, 32 U.S.P.Q.2d 1225, 1232 (Fed. Cir. 1994) (footnotes omitted) (Petition Appendix A at 16-17a) ("*Pet.*").

In making this determination, the Federal Circuit expressly relied, in part, upon established law in other circuits, reversing findings of confusion for the very reasons cited here. (*Pet.* at 18a and cases cited). This determination is completely consistent with the law in the Second Circuit and correctly applies the law of the Eighth Circuit as well.

Conopco follows the same misleading approach when it tells this Court that the Federal Circuit refused to apply an inference of confusion or to apply the clearly erroneous standard of review. Conopco's Petition for Writ of Certiorari (*Pet.* pp. 9-10).

In suggesting that the Federal Circuit applied the wrong legal standards, Conopco once again avoids mentioning what the Federal Circuit actually said. In fact, the Federal Circuit's opinion expressly recognized and applied both legal principles. Conopco's quarrel is with the Federal Circuit's application of the proper

legal standards to the facts and circumstances of this case, not with its choice of the proper standards. Such "fact-bound" issues do not merit certiorari. *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 859 (1982) (White, J. concurring).

II. Factual Background

A. While prominently displaying its own distinctive trademark, Venture has always marketed its lotion as comparable to VICL.

Historically, Venture stores sell not only national brand items but also, under Venture's own trademarks, hundreds of private label items which compete with national brands.[2] Venture routinely packages and labels these items to allow Venture customers to identify them as comparable, but lower-priced alternatives to the high-volume national brands (A18, 27668-72, 27677-8, 11593, 24836, 24859).[3]

Venture's distinctive striped trademark or logo appears on every one of the hundreds of Venture private label items sold in Venture stores. It appears on signs in front of the stores, on signs throughout the stores, on the name badges of Venture employees and in weekly advertising circulars. Customers cannot enter a Venture store without seeing its distinctive trademark. (A27669-71, 27683-85). Every sale of Venture lotion occurs in a Venture store surrounded by Venture's distinctive logo.

Between 1979 and July, 1989, Conopco sold regular VICL in a yellow bottle with a blue and green label. The trademarks "Vaseline" and "Intensive Care" appeared in the lower blue panel of the label (A11596).

During that same time, Venture sold its own private label lotion in yellow bottles with blue and green labels, without any

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[2] Venture is a major discount retailer in the midwest with over $1 billion in annual sales. (*Pet.* at 17a).

[3] References are made to pages of the Appendix filed in the Federal Circuit.

complaint from Conopco.[4] Between 1982 and 1989, all Venture lotion bottles bore the distinctive black-and-white striped trademark on the upper green panel of the label.[5] Photographs of the original VICL and Venture bottles, Defendants' Ex. H-2 and H-8, respectively, are reproduced in the Appendix. (*See* Appendix B).

In 1986, Conopco decided to modify the VICL package and designed a new bottle. (A11-32). Conopco retained VICL's original yellow, green and blue color scheme, a color scheme common to many lotion products. It also enlarged and repositioned the Vaseline Intensive Care trademark on the label. (A13-14, 25, 3772-77, 4804-09).

In 1989, Ansehl redesigned the Venture bottle to remain comparable to VICL. As a result of the redesign, after the relaunch, the Venture and VICL products resembled each other less than the original versions. Venture did not reposition the blue and green panels of the label as Conopco did. After the relaunch, the Venture and VICL lotions were no longer sold in identical bottles. (A27822-24, 11593, 11595). Photographs of the revised VICL and Venture bottles, Defendants' Ex. H-6 and Plaintiff's Ex. 3, respectively, are reproduced in the Appendix. (*See* Appendix C).

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[4] During the 1980's, Conopco's VICL competed with as many as 50 or 60 private label products. Like VICL, most of the private label lotions were sold in yellow bottles with blue and green labels. (A3728, 3913-14).

[5] Conopco tells this Court that before the VICL relaunch, Venture lotion bottles bore the Venture name and that after the relaunch, Venture "removed" its name from the bottles. Before 1989, only a seasonal promotion of Venture lotion bore its name. Conopco failed to tell this Court that the vast majority of Venture lotion bottles sold every day between 1982 and 1989 displayed only its distinctive logo. (*See* Appendix A, Trial Transcript Volume 3, Testimony of Kip Bowers, p. 100).

B. Despite a long history of side-by-side competition, there has been no actual confusion between the Venture and VICL products.

For more than ten years before the "relaunch", VICL and Venture lotion were sold side-by-side in identical yellow bottles with blue and green labels. VICL's label bore its trademark. Venture's label prominently displayed its distinctive logo. Despite the similarity in packaging, there was not a single instance of actual confusion and Conopco never complained about Venture's pre-relaunch packaging. (A5928-30).

After the relaunch, VICL and Venture lotions were sold side-by-side in different bottles having green and blue panels in different positions. The Venture bottle continued to prominently display Venture's distinctive trademark amid hundreds of other Venture products bearing the same trademark. Still, there were no complaints of confusion.

Conopco spent $35 million on an ad campaign which generated more than $109,000,000 in sales in 1990, representing the sale of perhaps as many as 100 million bottles of VICL (A9). Conopco invited customers' comments by displaying an "800" number on the back of the bottle (A11595). Conopco presented no evidence that anyone ever called to complain about the Venture lotion packaging. There was no evidence of any actual confusion between the VICL and Venture products. Conopco found one person, Mrs. Sickles, who claimed to be confused about whether Conopco manufactured the skin care lotion contained in a Target bottle.[6] One instance of confusion equates to one one-millionth of one percent (1/1,000,000 of 1%) of Conopco's sales. It is not surprising, therefore, that Conopco made a conscious decision NOT to conduct a confusion survey. (A27392).

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[6] Conopco does not challenge the Federal Circuit's determination that Mrs. Sickles was not actually confused, i.e. that the finding of "actual confusion" was clearly erroneous.

III. Proceedings Below

Respondents appealed from the judgment of the District Court finding patent, trade dress and trademark infringement in connection with their manufacture and sale of the Venture skin care lotion. *Conopco, Inc. v. May Dept. Stores Co.*, 784 F. Supp. 648 (E.D.Mo. 1992). On September 21, 1994, the Federal Circuit reversed the judgment of patent, trade dress and trademark infringement, vacating the injunction, award of damages, enhanced damages and attorneys' fees. Conopco petitions this Court for review on limited grounds, i.e., the Federal Circuit's determination that the findings of likelihood of confusion and application of the doctrine of equivalents were clearly erroneous. For all the reasons explained below, this Court should deny the petition.

REASONS FOR DENYING THE PETITION

I. Standard for Granting Certiorari

Conopco urges this Court to substitute its views for those of the Federal Circuit on issues customarily handled and uniformly decided by Courts of Appeals. Although this Court has broad discretion to accept or reject a case, jurisdiction "was not conferred upon this court merely to give the defeated party in the circuit court of appeals another hearing." *Magnum Import Co. v. Coty*, 262 U.S. 159, 163 (1923) (Taft, J.).

> [T]he Supreme Court is not simply another court of errors and appeals. Its role is a distinctive and an essential one in our legal and constitutional order: to define and vindicate the rights guaranteed by the Constitution, to assure the uniformity of federal law, and to maintain the constitutional distribution of powers in our federal union.

Report of the Study Group Caseload of the Supreme Court, 57 F.R.D. 573, 578 (Dec. 1972).

This Court does not grant writs of certiorari "except in cases involving principles . . . of importance to the public as distinguished from that of the parties, and in cases where there is a real and embarrassing conflict of opinion and authority between the circuit courts of appeals." *Layne & Bowler Corp. v. Western Well Works*, 261 U.S. 387, 393 (1923) (Taft, J. in dismissing an improvidently granted writ of certiorari). This case presents no such "embarrassing conflict" and lacks any issue of importance to the public. This case does not meet the high threshold of importance that warrants review by this Court.

II. No Conflict Exists Between The Decision of The Federal Circuit in This Case and The Law of The Second Circuit

Conopco claims that there is a conflict between the Federal Circuit's decision and the law of the Second Circuit in *Oral-B*

Laboratories, Inc. v. Mi-Lor Corporation, 810 F.2d 20 (2nd Cir. 1987). Conopco is wrong for two reasons:

First, *Oral-B's* reference to an inference of a likelihood of confusion was pure dicta. The Second Circuit in *Oral-B* never considered the evidence necessary to rebut an inference of confusion.

Secondly, the Federal Circuit's decision is completely consistent with *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033 (2nd Cir. 1992) which overturned a finding of likelihood of confusion for the same reasons as the Federal Circuit. There is no conflict between the decision of the Federal Circuit and the law of the Second Circuit.

A. *Oral-B* never considered the issue decided by the Federal Circuit because of the procedural posture of the case.

In *Oral B*, the Second Circuit affirmed the District Court's order of contempt based upon Mi-Lor's alleged violation of an injunction which enjoined Mi-Lor from using toothbrush boxes that were confusingly similar to or colorably imitated Oral-B's trade dress. Mi-Lor did not appeal from the original finding of trade dress infringement.

Consequently, the Second Circuit did not consider the sufficiency of the evidence to uphold a likelihood of confusion finding. On the contrary, it applied a much more stringent test applicable to review of the contempt order, i.e. whether Mi-Lor's redesigned toothbrush package was a "safe distance from the line drawn by the district court's injunction." *Oral-B*, 810 F.2d at 24. *See also Service Ideas, Inc. v. Traex Corp.*, 846 F.2d 1118 (7th Cir. 1988); *3 McCarthy on Trademarks and Unfair Competition*, ¶30.13. (3rd Ed. 1994).

Unlike the record before the Federal Circuit, the only evidence before the Second Circuit in *Oral-B* was actual toothbrush

boxes. *Oral-B*, 810 F.2d at 23. *Oral-B* never considered the kind of evidence that might rebut an inference of a likelihood of confusion. *Oral-B* simply has no application to the facts of this case. It does not even apply the same legal principles.

B. There is no conflict between the law of the Second Circuit and the Federal Circuit because *Bristol-Myers* fully supports and, in fact, is relied upon by the Federal Circuit as a basis for its decision.

The Second Circuit did address the effect of a competitor's use of its own name, trademark or logo on the issue of likelihood of confusion in *Bristol-Myers*. In *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033 (2nd Cir. 1992), the Second Circuit reversed the District Court's finding of a likelihood of confusion in spite of and without reversing the finding that McNeil, the manufacturer of TYLENOL PM, copied the trade dress of EXCEDRIN PM in bad faith.[7] *Id.* at 1044. The basis for the Second Circuit's decision to reverse was the prominence of the TYLENOL PM name on the package. The prominence of the Tylenol name distinguished the two products:

> Despite the similarity between certain aspects of the two trade dresses, . . . the prominent presence of well known trade names goes far toward countering any suggestion of

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[7] Conopco returns again and again to the refrain that the Federal Circuit overturned only two findings of fact, i.e. the finding of actual confusion and the finding of likelihood of confusion. *Pet.* at 9-10, 14-15 and 19. Conopco's principal complaint is that the Federal Circuit could not leave undisturbed a finding of intentional copying and at the same time overturn a finding of likelihood of confusion. This argument is fatally flawed. First, it elevates an inference under Eighth Circuit law to the level of an irrebuttable presumption. Second, *Bristol-Myers* and other cases cited by the Federal Circuit have overturned such findings of confusion under the same circumstances. *See, e.g., L. A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117 (Fed. Cir. 1993), *cert. denied*, _ U.S. _, 114 S.Ct. 291 (1993).

> consumer confusion arising from other factors .... Even McNeil's bad faith in adopting many elements of the "Excedrin PM" trade dress does not alter that conclusion.

Id. at 1047. *See also Centaur Communications, Ltd. v. A/S/M Communications, Inc.*, 830 F.2d 1217, 1228 (2nd Cir. 1987) (intent to copy does not establish a Lanham Act violation).

The Federal Circuit expressly relied upon *Bristol-Myers* in reaching its decision and reversed the District Court's finding of confusion for the same reason:

> Our point is that — in view of the prominent placement of the Venture logo on the front of the Venture product, the extensive exposure consumers have had to that logo, and the extended time period over which consumers have been able to distinguish the Venture and Conopco brands without any apparent confusion — the findings made by the court do not support a conclusion that consumers associate the Venture brand with Conopco, rather than with Venture.

(*Pet.* at 23a).

Conopco's claimed "conflict" between the circuits is completely frivolous. The Second Circuit has never adopted the principle that intentional copying, without more, establishes a likelihood of confusion and the Federal Circuit's decision does not contain a hint of a conflict with *Oral-B*. More importantly, the Second Circuit's decision in *Bristol-Myers* proves the error of Conopco's reasoning. The prominence of the competitor's name, trademark or logo may overcome any inference of confusion arising from a finding of intentional copying, as the Federal Circuit found in this case. The District Court's failure to even consider this evidence was clear error.

III. The Federal Circuit Followed and Applied The Law of The Eighth Circuit in Reversing the Finding That Consumers Were Likely to Be Confused Between The Venture and VICL Trade Dress

In *Squirt Co. v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980), the Eighth Circuit recognized that "[i]ntent on the part of the alleged infringer to pass off its goods as the product of another raises an inference of likelihood of confusion. . . ." Conopco persistently mischaracterizes the Federal Circuit's decision as refusing to apply the inference of confusion adopted in *Squirt Co.* (*Pet.* at 10). It is incredible that Conopco can make such a statement when the Federal Circuit expressly accepted the trial court's application of the *Squirt Co.* inference. (*Pet.* at 16a).

Recognizing that an inference may, by definition, be rebutted is not dismissing it as "inconsequential" as Conopco claims. Standing alone, an inference may be sufficient to support a finding of likelihood of confusion. In this case, however, the inference was completely rebutted by evidence which the District Court chose to ignore. The Federal Circuit reversed the ultimate finding of likelihood of confusion for two reasons which the District Court failed to consider:

(1) the prominence of the Venture logo, and

(2) the dearth of evidence of confusion given the history of competition between the parties.

Eighth Circuit law is clear that the presence of either or both of these factors may overcome an inference of confusion. For example, in *Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423 (Fed. Cir. 1984) ("*Litton*"), the Federal Circuit applied Eighth Circuit law to reverse a finding of a likelihood of confusion between the trade dress of Litton and Whirlpool microwave ovens because the district court failed to consider Whirlpool's display of its tradename on the front of the micro-

wave oven. Relying upon *Venn v. Goedert*, 319 F.2d 812, 816 (8th Cir. 1963), *Litton* held that use of the alleged infringer's own trademark dispelled any likelihood of confusion despite the overall similarity in appearance of the two ovens. *Litton*, 728 F.2d at 1446. Other circuits have also found that display of the name, trademark or logo of the alleged infringer made a finding of likelihood of confusion "clearly erroneous."[8]

Likewise, in *Toro Co. v. R & R Products Co.*, 787 F.2d 1208, 1215-16 (8th Cir. 1986), the Eighth Circuit approved an instruction that little evidence of actual confusion over years of direct competition may be considered by the jury as indicative of no palming off.[9]

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[8] *E.g., L. A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1134 (Fed Cir. 1993), *cert. denied*, _ U.S. _, 114 S.Ct. 291 (1993) ("We conclude that the conspicuous and permanent placement of the trademarks of L.A. Gear as well as the copyist . . . clearly outweigh the similarities in the shoe design insofar as consumer confusion as to source is avoided."); *Bristol-Myers Squibb Co.*, 973 F.2d at 1047; *Versa Products Company, Inc. v. Bifold Company Ltd.*, __ F.3d __, 33 U.S.P.Q.2d 1801, 1819 (3rd Cir. 1995) ("Bifold's labeling will suffice to dispel any confusion about the valve's source that the configuration of the Domino Junior valve might otherwise engender in purchasers who exercise ordinary care.").

[9] *Accord, Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 263 (5th Cir. 1980), *cert. denied*, 449 U.S. 899 (1980) ("the fact that only three instances of actual confusion were found after nearly 15 years of extensive concurrent sales under the parties' respective marks raises a presumption against likelihood of confusion . . ."); *Oreck Corp. v. U.S. Floor Systems, Inc.*, 803 F.2d 166, 173 (5th Cir. 1986), *cert. denied*, 481 U.S. 1069 (1987) ("In light of the concurrent use of the STEAMEX DELUXE 15 XL name and Oreck's XL mark for seventeen months, Oreck's inability to point to a single incident of actual confusion is highly significant."); *Bristol-Myers*, *supra* at 1047 (no evidence of actual confusion); *Versa Products Company, Inc. v. Bifold Company Ltd.*, 33 U.S.P.Q.2d at 1812 ("If a defendant's product has been sold for an appreciable period of time without evidence of actual confusion, one can infer that continued marketing will not lead to consumer confusion in the future.").

The Federal Circuit properly applied the *Squirt Co.* inference as "inferentially or presumptively relevant" to analysis of the issue. (*Pet.* at 16a.) It also recognized the law and the evidence which the lower court chose to ignore. The District Court's failure to consider the important factors of Venture's own trademark and the historical absence of confusion was clear error in light of the decisions in *Litton*, *Venn* and *Toro*.

IV. The Circuit Courts Are Uniformly Interpreting The Lanham Act's Requirement of Likelihood of Confusion

The Federal Circuit documented its decision to overturn the District Court's finding of a likelihood of confusion, harmonizing the law of the Eighth Circuit with the law of other circuits on this issue. (*Pet.* at 15a-22a). Its discussion of the issue demonstrates a strong consensus among the circuits that lower courts should consider carefully the effect of the alleged infringer's labelling and the absence of actual confusion before finding infringement. In other words, there is substantial uniformity among the circuits in the decisions on this issue. The Circuit Courts of Appeals are uniformly interpreting the Lanham Act's requirement of a likelihood of confusion.[10]

V. The Lanham Act Does Not Forbid Copying

Conopco complains that the Federal Circuit's decision destroyed its expectation that the Lanham Act protected it from copying by competitors. It claims that national brands have operated under the mistaken impression that proof of intentional copying was all that was necessary to obtain a judgment of trade

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[10] Conopco cites several district court cases for the proposition that intentional copying is all that is required for a finding of confusion. (*Pet.* at 12 n. 9). None of these decisions addresses the production of evidence to rebut an inference of confusion. None addresses the effect of the alleged infringer's distinctive name, trademark or logo in negating an inference of confusion.

dress infringement.[11] That has never been the law. Nor can Conopco say that it assumed it did not have to prove likelihood of confusion. Obviously, Conopco was concerned about its ability to prove a likelihood of confusion. It made a conscious decision *not* to commission a confusion study.

Section 43(a) of the Lanham Act makes "likelihood of confusion" an essential element of any such claim. Even the *Squirt Co.* decision, in which Conopco places such great faith, says that intent is a factor to consider but "not an element of a claim for trademark infringement." 628 F.2d at 1091.

Time and again, this Court has made clear that mere copying is not actionable. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964). On the contrary, a primary purpose of the Lanham Act is to foster fair competition. The Lanham Act recognizes competitors' broad rights to imitate successful product designs. *See, Versa Products Company, Inc. v. Bifold Company Ltd., supra* at 2852; *L. A. Gear, Inc. v. Thom McAn Shoe Co., supra* at 1131. Only copying which threatens to mislead the customer as to source is actionable. Quoting from *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299, 301 (2nd Cir. 1917) (L. Hand, J.), this Court recently remarked:

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[11] Respondents take issue with Conopco's finding, adopted by the District Court, that they intended to infringe its trade dress, to confuse the public or to "palm off" the Venture lotion as VICL. Prominent display of the Venture logo is inconsistent with such a finding as is the statement on the Venture bottle itself advising the customer that the Venture lotion was not manufactured or distributed by Chesebrough-Ponds. A competitor's decision to imitate certain aspects of trade dress but make the products distinguishable in other respects is not an intent to infringe. *Cf. American Home Products v. Barr Laboratories*, 834 F.2d 368, 371 (3rd Cir. 1987).

> [T]he plaintiff has the right not to lose his customers through false representations that those are his wares which in fact are not but he may not monopolize any design or pattern, however trifling. *The defendant, on the other hand, may copy plaintiff's goods slavishly down to the minutest detail but he may not represent himself as the plaintiff in their sale.*

Bonito Boats, 489 U.S. at 157 (emphasis added).

Undaunted by the absence of any evidence of confusion in the record, Conopco urges this Court, in effect, to take judicial notice that copying promotes public confusion. (*Pet.* at 15). Citing *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145 (7th Cir. 1994), Conopco says, on the one hand, that private label and store brand practices inherently confuse consumers. (*Pet.* at 18). Only two pages earlier, Conopco explained that modern-day consumers like Mrs. Sickles are savvy and understand the private label business practices. (*Pet.* at 16).

Conopco cannot have it both ways. It cannot rely upon Mrs. Sickles' knowledge of private label practices to establish confusion. Nor is a vague consumer awareness that some national manufacturers produce private label products evidence that consumers would be confused by the similarities between VICL and the Venture trade dress, particularly in the absence of any evidence that Conopco engaged in such practices.[12] This Court should not substitute idle speculation about consumer knowledge of private label practices for the record in this case.

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[12] In contrast to the record here, in *Badger Meter, Inc. v. Grinnell Corp.*, *supra* at 1149, there was evidence that the defendant had historically sold national brand products under its own private label and that this fact was well-known to consumers.

VI. Certiorari is Not Appropriate to Review The Federal Circuit's Application of The "Clearly Erroneous" Standard

The Federal Circuit expressly applied the "clearly erroneous" standard to reverse the finding of likelihood of confusion:

> We are thus left with a "definite and firm conviction" that the District Court erred in concluding that likelihood of confusion had been established .... The court thus clearly erred in awarding injunctive relief, and the judgment of the court in that regard is reversed.

(*Pet.* at 22a). Notwithstanding the Federal Circuit's express reliance on the correct legal standard, Conopco complains that the Federal Circuit impermissibly reweighed the evidence, i.e. improperly applied the clearly erroneous standard to the facts of this case.

The improper application of the correct legal standard is not an issue that has historically merited the attention of this Court. Conopco argues that this Court polices application of the "clearly erroneous" rule, reversing appeals decision for failing to defer to the factual findings of the trial court. (*Pet.* at 21 n. 17). The cases cited by Conopco were reversed by this Court because the Court of Appeals failed to apply the "clearly erroneous" standard or to say what standard it did apply. *Amadeo v. Zant*, 486 U.S. 214, 223 (1988); *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809, 811 (1986); *Icicle Seafoods, Inc. v. Worthington*, 475 U.S. 709, 714 (1986).[13]

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[13] Only *Anderson v. City of Bessemer City*, 470 U.S. 564 (1985) involved the Court of Appeals' express application of the "clearly erroneous" standard. This Court reversed because the Court of Appeals ignored explicit directions in Fed.R.Civ.P. 52 that the appellate court respect the judgment of the trial court on issues of credibility. The Federal Circuit made no credibility findings here.

As this Court stated in *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844 (1982):

> Furthermore, if the issue presented in the petitions for certiorari had been whether the clearly erroneous standard, although properly invoked was erroneously applied, it is doubtful in my mind that this fact-bound issue would have warranted certiorari.

Id. at 850. (White, J. concurring).

The Federal Circuit properly applied the clearly erroneous standard in this case to reverse the finding of likelihood of confusion. The Courts of Appeals have authority to reverse factual findings when left with the "definite and firm conviction that a mistake has been committed." *United States v. United States Gypsum Co.*, 333 U.S. 364, 395 (1948). The clearly erroneous standard does not free the District Court of the burden of "coming to grips" with conflicting evidence. *Griffin v. City of Omaha*, 785 F.2d 620 (8th Cir. 1986); *Tate v. Weyerhauser Co.*, 723 F.2d 598, 605 (8th Cir. 1983), *cert. denied*, 469 U.S. 847 (1984).

The District Court's findings of fact and conclusions of law were adopted almost verbatim from Conopco's proposed findings.[14] Conopco's findings ignored any evidence that contradicted its theory of the case. Consequently, the District Court never addressed or considered undisputed evidence concerning the prominence of the Venture trademark or the absence of confusion over years of side-by-side competition. Both factors are important considerations in the Eighth Circuit's standard for

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[14] It is true that the District Court's complete reliance upon Conopco's proposed findings does not change the standard of review. It is also true that the Federal Circuit was not bound to disregard "the apparent absence of personal attention" by the trial court. *Lindemann Maschinenfabrik GMBH v. American Hoist and Derrick Co.*, 730 F.2d 1452, 1457 (Fed. Cir. 1984).

determining likelihood of confusion. *See, Litton Systems, Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1446-47 (Fed. Cir. 1984); *Venn v. Goedert*, 319 F.2d 812, 816 (8th Cir. 1963); *Toro Company v. R & R Products Co.*, 787 F.2d 1208, 1215-16 (8th Cir. 1986). Having failed to "come to grips" with conflicting evidence, the District Court's finding of likelihood of confusion was clearly erroneous and the Federal Circuit was entirely correct.

VII. No Conflict Exists Between This Court's Patent Decision in *Graver Tank* and The Federal Circuit's Decision Below

Petitioner's Question IV lacks any "special important reason" for granting certiorari as required by Rule 10.1 of this Court.

The patent claim at issue[15] simply limits Conopco's patent right to cosmetic lotions containing, *inter alia*, two previously used chemical ingredients[16] in a unique range of ratios between "about 40:1" and "about 1:1." (*Pet.* at 3a-4a). The Federal Circuit unanimously ruled that Ansehl's lotion did not infringe Conopco's patent when using a substantially reduced amount of one of the two ingredients, resulting in a ratio of 162.9:1 — far outside the claimed range.[17] (*Pet.* at 9a). This case merely presents the frequently-encountered situation where a material limitation of a claim (*i.e.*, a stated range of ingredient ratios) is

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[15] Claim 1 of U.S. Patent No.4,939,179.

[16] Isoparaffin and alkyl phosphate salt.

[17] Contrary to Conopco's assertion that the Federal Circuit reversed "without finding any error in the District Court's underlying findings and conclusions" (*Pet.* at 24), the Federal Circuit *rejected* the District Court's finding of equivalency under the tripartite function/way/result test as "clearly erroneous." (*Pet.* at 8a). Question IV therefore presupposes a clearly erroneous finding (i.e., that "the composition . . . satisfied the tripartite test for equivalency").

missing from the accused product, and nothing alleged to be an "equivalent" has been added to make up the crucial difference.[18]

Conopco argues that the Federal Circuit's decision undermines the policy of the doctrine of equivalents, but refers (without specific citation) only to a dissenting opinion by two justices in *Graver Tank v. Linde Air Products Co.*, 339 U.S 605, *reh'g denied*, 340 U.S. 845 (1950). The patent in *Graver Tank* did not claim a numeric range of ingredients, and the Court majority considered the equivalency issue to be one of *substitution* of another ingredient for a claimed ingredient, where specialists familiar with the technology understood that this other ingredient was equivalent to and could be substituted for the claimed ingredient.[19] *Id.*, 339 U.S. at 610, 612.

In contrast, nothing "equivalent" was added to Ansehl's lotion in place of, or to make up for the shortage of, a claimed ingredient. Thus, unlike *Graver Tank*, this case presents *no* issue of "substitution" of any material that would cause the ratio of Ansehl's components to be equivalent to anything other than what it is: 162.9:1. The Federal Circuit properly concluded under the facts of this case that simply treating 162.9:1 as equivalent to 40:1, without more, "would eviscerate the plain

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[18] *See Aluminum Co. of America v. Thompson Products, Inc.*, 122 F.2d 796, 800 (6th Cir. 1941) (.04 to 0.45% nickel not equivalent to "about 0.5 to 7% nickel"); *Clopay Corp. v. Blessings Corp.*, 422 F. Supp. 1312, 1324-1326 (D.Del. 1976) (2 mil film not equivalent to "about 1 mil"); *Robert Dairy Co. v. United States*, 530 F.2d 1342, 1351, 1359 (Ct. Cl. 1976) (adopting opinion of trial judge that preheating between 100°F. and 125°F. not equivalent to preheating to "approximately 135°F."); *Thomas French & Sons, Ltd. v. Krauss*, 19 F. Supp. 889, 892 (E.D.N.Y. 1937) (4 inch ring not equivalent to diameter of said ring being "approximately 5 inches").

[19] "The question which thus emerges is whether the substitution of the manganese which is not an alkaline earth metal for the magnesium which is, . . . , is a change of such substance as to make the doctrine of equivalents inapplicable ...? *Id.*, 339 U.S. at 610.

meaning of that limitation." (*Pet.* at 8a). In so doing, that court merely followed its own well-settled precedent. *E.g.*, *Pennwalt Corp. v. Durand-Wayland, Inc.*, 833 F.2d 931, 935 (Fed. Cir. 1987) (in banc), *cert. denied*, 485 U.S. 961 (1988) ("'[A] court may not, under the guise of applying the doctrine of equivalents, erase a plethora of meaningful structural and functional limitations of the claim....'") (quoting *Perkin-Elmer v. Westinghouse Elec. Corp.*, 822 F.2d 1528, 1532 (Fed. Cir. 1987)); *London v. Carson Pirie Scott & Co.*, 946 F.2d 1534, 1540 (Fed. Cir. 1991).

There being no conflict between *Graver Tank* and the decision below, the Petition should be denied as to Question IV.

CONCLUSION

Conopco has failed to demonstrate the existence of any issue that merits the attention of this Court. There is no conflict between the Federal Circuit's decision and the law of the Second Circuit. On the contrary, the Federal Circuit's decision demonstrates near unanimity on the issue presented to this Court. The Second, Third, Fifth, Eighth and Federal Circuits agree. The prominence of the defendant's name, trademark or logo and/or the absence of actual confusion despite a history of competition negate a finding of a likelihood of confusion in trade dress infringement cases.

The Federal Circuit correctly applied the "clearly erroneous" standard of review in overturning the District Court's finding a likelihood of confusion between the Venture and VICL products. The District Court's failure to consider conflicting evidence in light of clear authority in the Eighth Circuit was "clearly erroneous." This Court should deny Conopco's Petition for Writ of Certiorari.

Respectfully submitted,

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APPENDIX A

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI

ST. LOUIS, MISSOURI
September 18, 1991

Case No. 90-1475C(3)

CONOPCO, INC., d/b/a CHESEBROUGH-PONDS USA,

V.

MAY DEPARTMENT STORES
VENTURE STORES, INC., BENJAMIN ANSEHL CO., &
KESSLER CONTAINERS,

Defendants.

TRIAL — VOLUME 3
(TESTIMONY OF MARGARET McNALLY, KIP BOWERS, NORMA BADOLATO AND DONALD BARRY)

BEFORE THE HONORABLE
WILLIAM L. HUNGATE, DISTRICT JUDGE

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* * *

[100]

A Green and blue.

Q And during what period of time was that label used?

A '86 to '87.

Q Could you turn the page, please? And what is shown on that page?

A. The first 15-fluid-ounce label for Venture.

Q And during what period of time was that label used?

A '87 through '91.

Q Now — and that is green and blue also predominantly?

A Yes.

Q Now, on all of those labels you've just reviewed, there's some white and black diagonal stripes. Do you see those?

A Yes.

Q What is that?

A That's a Venture's logo.

Q And was that always used on the Venture brand skin care lotion?

A Yes.

Q Are you aware of it being elsewhere — used elsewhere by Venture in connection with its merchandising of goods?

A Well, we put it on every private label item that we produce for Venture. And I've been through Venture's stores, and you can see the logo predominantly throughout their store.

* * *

APPENDIX B

COMPARISON OF ORIGINAL VICL AND VENTURE BOTTLES

APPENDIX C

COMPARISON OF REVISED VICL AND VENTURE BOTTLES

94-1437 (4)

No. 94-1439

MOTION FILED
MAR 2 9 1995

IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

CONOPCO, INC. D/B/A
CHESEBROUGH-POND'S USA CO.,

Petitioner,

vs.

MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY, and KESSLER CONTAINERS, LTD.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

MOTION FOR LEAVE TO FILE BRIEF *AMICUS CURIAE* AND BRIEF *AMICUS CURIAE* IN SUPPORT OF PETITIONER

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March 29, 1995

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22 pp

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CONOPCO, INC. D/B/A CHESEBROUGH-POND'S USA CO.,

Petitioner,

—v.—

MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY, and KESSLER CONTAINERS, LTD.,

Respondents.

MOTION FOR LEAVE TO FILE BRIEF *AMICUS CURIAE*

Pursuant to Supreme Court Rule 37.2, American Home Products Corporation ("AHP") and Nabisco, Inc. ("Nabisco") hereby respectfully move for leave to file the attached brief *amicus curiae* in support of petitioner Conopco, Inc.'s Petition For a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") in this case.

On March 27, 1995, AHP and Nabisco sought the consent by telephone of the petitioner and respondents for the filing of this brief *amicus curiae* in support of the petitioner. The petitioner consented in writing. All four

respondents refused consent by telephone on March 27, 1995, thereby necessitating this motion.

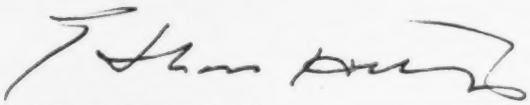
Both AHP and Nabisco manufacture and sell consumer products under some of America's best known brand names. AHP, a worldwide leader in health care products, manufactures and sells leading brands such as ADVIL ibuprofen analgesic, ROBITUSSIN cough medications and CENTRUM vitamins. Nabisco manufactures and sells cookies, crackers, and other food products under brand names such as OREO, FIG NEWTON, SNACKWELL'S and RITZ. All of these products are leaders in their product categories, and all of them have long been sold in packages whose designs are well known and easily recognizable to consumers. Indeed, the package designs for the companies' leading brands may be just as important, if not more important, than the word trademarks in establishing a brand identity.

Accordingly, both Nabisco and AHP have a long standing interest in enforcing federal law which protects distinctive package designs from infringement. They are therefore concerned by the decision of the Federal Circuit in this case, which represents an abrupt departure from the settled law of most circuits in several respects. AHP and Nabisco believe that the decision creates an opportunity for retailers or private label manufacturers to confuse the public by selling products which compete directly with their leading brands, in virtually identical trade dress, and to escape liability by simply affixing some indication of origin with the retailer. This would damage not only the commercial interests of AHP and Nabisco, but the public interest as well.

This brief *amicus curiae*, for which AHP and Nabisco are requesting permission to file, will further amplify the discussion regarding the law of trade dress, and address the Federal Circuit's departure from established rules of law.

For the foregoing reasons, AHP and Nabisco respectfully move for leave to file the attached brief *amicus curiae*.

Respectfully submitted,



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American Home Products Corporation ("AHP") and Nabisco, Inc. ("Nabisco") respectfully submit this brief *amicus curiae* in support of the Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit ("Petition for a Writ of Certiorari") filed by Petitioner, Conopco, Inc. d/b/a Chesebrough-Pond's USA Co. ("Conopco") in *Conopco, Inc. v. May Dep't Stores Co.*, __ F.3d __, 32 U.S.P.Q.2d 1225 (Fed. Cir. 1994).

The decision of the Federal Circuit holds that a private label retailer who has intentionally copied the trade dress of a leading brand may escape liability merely by affixing its retail logo (not its store name) on the front of its package. This decision contravenes established law, jeopardizes the ability of companies like AHP and Nabisco to protect the trade dress of their famous brands, and will lead to increased confusion and deception among consumers.

INTEREST OF THE *AMICUS CURIAE*

AHP manufactures and sells leading brands of over-the-counter health care products such as ADVIL analgesic, ROBITUSSIN cough medication and CENTRUM vitamins. Nabisco manufactures and sells leading brands of cookies and crackers under brand names like OREO, SNACKWELL'S and RITZ. All of these brands are sold in packages that are extremely well recognized by consumers. Indeed, it is fair to say that in a typical drug store or supermarket environment, a consumer is likely to be attracted to the array of green and white ROBITUSSIN packages, or the familiar RITZ cracker box design, before he or she even sees the brand name on the package.

Retail chains frequently dress their competing private label products in packages which echo, in some respect, the packages of leading brands. Until the Federal Circuit decision in this case, suits concerning this practice were decided on traditional principles of unfair competition law.

The Federal Circuit decision, however, imports a *per se* exception to these principles, radically altering the legal balance between national brand and private label producers.

In every Circuit, the question of trade dress infringement is determined by weighing a set of factors enumerated in the case law. In this case, the District Court found that Conopco prevailed on all of them. Included in its analysis was a finding that respondents had intentionally copied Conopco's strong, nonfunctional and protectible trade dress. The Federal Circuit left the District Court's findings on these facts virtually undisturbed, yet reversed. If Conopco cannot protect its trade dress from infringement in a case like this, it is difficult to imagine one in which it -- or any other national brand manufacturer -- could do so.

AHP and Nabisco therefore are greatly concerned that the decision will create an "open season" on their valuable national brand trade dress. At the very least, the decision departs from the established law of this Court and the various Circuits, and renders uncertain the parties' ability to enforce their trade dress rights.

SUMMARY OF ARGUMENT

The Federal Circuit decision should be reversed because, in addition to the reasons set forth in the Petition for a Writ of Certiorari:

1. It fails to recognize trade dress as a form of intellectual property equal in legal and commercial importance to trademarks. This is inconsistent with this Court's decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*, ___ U.S. ___, 112 S. Ct. 2753, 120 L. Ed. 2d 615, *reh'g denied*, ___ U.S. ___, 113 S. Ct. 20, 120 L. Ed. 2d 947 (1992), which holds that trade dress should be treated no differently than trademarks. This is also inconsistent with modern commercial practice, in which the overall design and appearance of a package plays an equal -- if not greater --

role than the trademark in establishing a brand identity in the minds of consumers.

2. It fails to take a sufficiently inclusive view of the types of confusion which may support an infringement claim. It is infringement if a defendant initially attracts potential purchasers by using a similar mark or trade dress, riding the coattails of the senior user's reputation and recognition, even if that confusion is dissipated at the time of purchase. The Federal Circuit's narrow view of what constitutes actionable confusion is both legally erroneous and commercially devastating to companies like AHP and Nabisco, whose leading brands are targets for "knockoffs" by private labellers.

ARGUMENT

I. THE FEDERAL CIRCUIT DECISION IS INCONSISTENT WITH THIS COURT'S DECISION IN *TWO PESOS*

The Federal Circuit decision should be reviewed because it assumes, without evidence, that confusion created by virtually identical *trade dress* on a low-cost retail store item can be dissipated simply by the use of a retailer's own *trademark*. This relegates the source - identifying power of trade dress to a form of second-class citizenship, contravening this Court's decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*, ___ U.S. ___, 112 S. Ct. 2753, 120 L. Ed. 2d 615, *reh'g denied*, ___ U.S. ___, 113 S. Ct. 20, 120 L. Ed. 2d 947 (1992).

In *Two Pesos*, the question presented was whether the trade dress of a restaurant could be protected under Section 43(a)[1] without proof that the trade dress had acquired

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[1] 15 U.S.C. § 1125(a).

secondary meaning.[2] The law was clear that inherently distinctive word trademarks were protectible without such proof, yet some Circuits had required proof of secondary meaning in all trade dress cases, irrespective of the inherent distinctiveness of the trade dress. This Court rightly held that there was no reason to judge the protectibility of trademarks and trade dress under different standards:

> [P]rotection of trademarks and trade dress under § 43(a) serves the same statutory purpose of preventing deception and unfair competition. There is no persuasive reason to apply different analysis to the two.

___ U.S. at ___, 112 S. Ct. at 2760, 120 L. Ed. 2d at 627. Such a difference in treatment was not only unsupported by the text of § 43(a), said this Court; it also undermined the purpose of the Lanham Act:

> Protection of trade dress, *no less than of trademarks*, serves the Act's purpose to "secure to the owner of the mark the good-will of his business and to protect the ability of consumers to distinguish among competing producers."

___ U.S. at ___, 112 S. Ct. at 2760, 120 L. Ed. 2d at 627 (emphasis supplied) (quoting *Park'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198, 105 S. Ct. 658, 663, 83 L. Ed. 2d 582, 590 (1985)).

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[2] Secondary meaning is said to exist when a trademark or trade dress "has come *through use* to be uniquely associated with a specific source:" (emphasis added). Restatement (Third) of Unfair Competition § 13, comment e (Tent. Draft No. 2, 1990), quoted in *Two Pesos*, ___U.S. ___, 112 S. Ct. 2754, 120 L. Ed. 2d at 622, n.4.

This Court's recognition of the *legal* importance of trade dress jibes with the market's recognition of its *commercial* importance. It is a marketing truism that three-quarters of buying decisions are made at the point of purchase, where the consumer is facing the producer's package.[3] These decisions are made quickly, and in a crowded environment; the average supermarket shopper views twenty products *per second*.[4] It is for these reasons that national-brand producers like AHP and Nabisco invest millions of dollars in creating and developing package designs which will communicate a brand identity in a memorable way.

The right to protect this investment by preventing the use of confusingly similar packaging for competing goods -- even though defendant includes its own trademark -- is well established.[5] Indeed, the right to protection of trade dress

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[3] Michael Prone, "Package Design has Stronger ROI Potential Then Many Believe," *Marketing News*, October 11, 1993, p. 13.

[4] Eliot Schreiber, "Retail Trends Shorten Life of Package Design," *Marketing News*, December 5, 1994, p. 7.

[5] *See, e.g., AmBrit, Inc. v. Kraft, Inc.*, 805 F.2d 974 (11th Cir. 1986), re-reported, 812 F.2d 1531 (11th Cir. 1986), *cert. denied*, 481 U.S. 1041, 107 S. Ct. 1983, 95 L. Ed. 2d 822 (1987) (KLONDIKE ice cream bar wrapper infringed by similar wrapper for competing POLAR B'AR product); *RJR Foods, Inc. v. White Rock Corp.*, 603 F.2d 1058 (2d Cir. 1979) (label for HAWAIIAN PUNCH soft drink consisting of blue background and tall glass of red punch infringed by similar label for WHITE ROCK soft drink); *Kraft General Foods, Inc. v. Friendship Dairies, Inc.*, 19 U.S.P.Q.2d 1691 (S.D.N.Y. 1991) (trade dress for BREAKSTONE'S sour cream infringed by package bearing well-known FRIENDSHIP mark); *Nabisco Brands, Inc. v. Conusa Corp.*, 722 F. Supp. 1287 (M.D.N.C. 1989), *aff'd without opinion*, 892 F.2d 74 (4th Cir. 1989) (hard candies virtually identical in appearance to LIFE SAVERS candies; defendant's affixation of its trademark BARCA to each piece did not prevent confusion; *Knorr-Nahmittel A.G. v. Reese Finer Foods, Inc.*, 695 F. Supp. 787 (D.N.J. 1988) (KNORR dried soup package design infringed by design for competing REESE soups); *Soft Sheen Products, Inc. v. Revlon, Inc.*, 675 F. Supp. 408 (continued...)

would be useless if defendant's mere affixation of its trademark created a complete defense, as the Second Circuit noted in *W.E. Bassett Co. v. Revlon, Inc.*, 435 F.2d 656, 662 (2d Cir. 1970):

> [I]f accepted, [this argument] would allow any company that is well-enough known, to infringe a competing company's mark, especially if the competitor is small, merely by coupling its own name with the competitor's mark. (citations omitted)

Case law does recognize some circumstances under which a defendant's prominent use of a very well-known trademark may obviate confusion. For example, in *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033 (2d Cir. 1992), defendant was found to have intentionally copied the trade dress of plaintiff's EXCEDRIN PM pain reliever in creating the package for its competing TYLENOL PM product. Nevertheless, because defendant's trademark was so well known, and because the respective marks on each package were "by far the *most prominent feature* . . . of *otherwise ordinary boxes*," the Court of Appeals found no likelihood of confusion. *Id.* at 1046 (emphasis added). However, the Court stressed that its decision was limited to the facts of the case before it:

> We do not mean to intimate that the distinctive elements of any trade dress may be

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[5](...continued)
(N.D. Ill. 1987) (trade dress for plaintiff's SOFT SHEEN hair care product infringed by similar design for Revlon's competing CREME OF NATURE product). *See also* "private label" cases cited in the Petition for Writ of Certiorari, p. 12 n.9.

> freely appropriated as long as the junior user clearly identifies the source of the goods.

Id. at 1047. Other cases, involving relatively expensive items purchased after considerable thought and attention, have found defendant's use of its well-known house mark sufficient to obviate confusion. *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423 (Fed. Cir. 1984) (microwave ovens); *Fisher Stoves, Inc. v. All Nighter Stove Works, Inc.*, 626 F.2d 193 (1st Cir. 1980) (cast iron wood stoves); *Bose Corp. v. Linear Design Labs, Inc.*, 467 F.2d 304 (2d Cir. 1972) (high fidelity loudspeakers); *Sunbeam Corp. v. Equity Indus. Corp.*, 635 F. Supp. 625 (E.D. Va. 1986), *aff'd*, 811 F.2d 1505 (4th Cir. 1987) (food processors).

The Federal Circuit decision at issue here goes far beyond these cases. Here, the products are low-cost packaged goods purchased in retail store environments. The plaintiff's trade dress is strong and highly distinctive. Defendants intentionally copied this trade dress, and without reasonable explanation failed to include its VENTURE trademark on the front label for its product. (Ironically, the only word trademark on the front of defendants' package is plaintiff's).[6] Most egregiously, the Federal Circuit simply *assumed* that the presence of the Venture logo would, in itself, dissipate confusion, ignoring the District Court's detailed and voluminous findings of fact to the contrary.

The leap to this conclusion can only be the product of an unspoken assumption by the Federal Circuit that source identification is primarily a function of a national brand's trademark, with the trade dress playing merely a supporting role. This assumption has no basis in the case record, is

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[6] District Court Finding of Fact No. 137, reprinted in Petition for Writ of Certiorari, p. 57a.

contrary to marketplace reality, and conflicts with this Court's decision in *Two Pesos*.

II. THE FEDERAL CIRCUIT DECISION TOOK AN ERRONEOUSLY NARROW VIEW OF THE TYPE OF CONFUSION WHICH CAN SUPPORT A FINDING OF INFRINGEMENT

The Federal Circuit justified its reversal of the District Court's finding of infringement (despite reversing only one of the District Court's 168 findings of fact) by holding that

> in view of the prominent placement of the Venture logo on the front of the Venture product, the extensive exposure of consumers have had to that logo, and the extended period over which consumers have been able to distinguish the Venture and Conopco brands without any apparent confusion -- the findings made by the court do not support a conclusion that consumers associate the Venture brand with Conopco, rather than with Venture.[7]

Petition for a Writ of Certiorari, Appendix A, p. 23a. This reasoning takes an erroneously narrow view of the types of confusion which can support an infringement claim. By recognizing only confusion as to association, the Federal

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[7] The Federal Circuit's reliance on the lack of confusion between the original VICL and Venture products is misplaced and erroneous because prior to the re-launch of VICL, Conopco did not use a distinctive bottle style (both Conopco and Venture had used a bottle which was commonly used throughout the industry) and Venture prominently used the VENTURE word mark, in addition to its logo, on the front of its package. District Court Finding of Fact Nos. 12, 66, reprinted in Petition for Writ of Certiorari, pp. 33a, 44a.

Circuit incorrectly ignored the broad scope of protection afforded to trademarks and trade dress by the Lanham Act.

In 1962, Congress amended the infringement section of the Lanham Act[8] to eliminate the requirement that "purchasers" be deceived as to the "source or origin" of the goods. This amendment evidenced "a clear purpose [by Congress] to outlaw the use of trademarks which are likely to cause confusion, mistake, or deception of any kind, not merely of purchasers nor simply as to source of origin." *Syntex Lab., Inc. v. Norwich Pharmacal Co.*, 437 F.2d 566, 568 (2d Cir. 1971); *see also Koppers Co., Inc. v. Krupp-Koppers GmbH*, 517 F. Supp. 836, 843 (W.D. Pa. 1981) ("The amendment also shows such intent that the nature of the confusion should not be restricted to source of origin of goods or services. Thus, this Court infers that it must broadly define the nature of the forbidden confusion and the class of people whose confusion is forbidden.").

Thus, the courts now regularly recognize three different types of actionable confusion:

> where: (1) prospective purchasers believe that the senior user sponsored or otherwise approved of the junior user's trademark, *see Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205 (2d Cir.1979); (2) potential consumers

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[8] Prior to the 1962 amendment, Section 32(1) read:

> Any person who shall, without the consent of the registrant-
>
> (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive *purchasers as to the source of origin of such goods or service*. 15 U.S.C. § 1114(1)(a) (emphasis added). The 1962 amendment deleted the italicized language.

> initially are attracted to the junior user's mark by virtue of its similarity to the senior user's mark, even though these consumers are not actually confused at the time of purchase, *see Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331, 1342 (2d Cir.1975); and (3) customers are confused as to the source of the junior user's product when this product is observed in the post-sale context, *see Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 871 (2d Cir.1986).

Jordache Enters., Inc. v. Levi Strauss & Co., 841 F. Supp. 506, 514-15 (S.D.N.Y. 1993).

The situation in which consumers are initially attracted to the junior user's product due to its similarity to the senior user's product, but are not actually confused at the time of purchase, has been recognized as "subliminal confusion," that is, the "defendants' ability to gain a foothold in plaintiff's market by exploiting subliminal or conscious association with plaintiff's well-known name." *Playboy Enters., Inc. v. Chuckleberry Publishing, Inc.*, 486 F. Supp. 414, 428 (S.D.N.Y. 1980), *later proceeding*, 511 F. Supp. 486 (S.D.N.Y. 1981) (permanent injunction), *aff'd*, 687 F.2d 563 (2d Cir. 1982). By reversing the District Court on the ground that the facts did not support a finding of confusion as to association or source, the Federal Circuit failed to consider whether the facts support a finding of subliminal confusion.

Subliminal confusion is an insidious and subtle form of unfair competition.

> By triggering the positive associations generated by an established mark, a newcomer can obtain an unfair economic

> advantage in the form of a quick, unearned foothold in competition with a well-known trademarked product, in effect, turning the mark against itself. Without source confusion a new entrant is thus able to benefit from the investment made by the mark owner in establishing a unique identity among the purchasing public.

Steven H. Hartman, "Subliminal Confusion: The Misappropriation of Advertising Value," 78 *The Trademark Reporter* 506, 508 (1988).

The conduct of defendants who copy the salient features of a senior user's trade dress or trademark to gain initial consumer interest (a "foot in the door") has been repeatedly recognized as actionable.[9] As stated in *Kroger Co. v. Johnson & Johnson*, 570 F. Supp. 1055 (S.D. Ohio

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[9] *See, e.g., Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 260 (2d Cir. 1987) ("such initial trademark confusion works a sufficient trademark injury."); *Grotrian, Hellferich, Schulz*, 523 F.2d at 1342; *Stern's Miracle-Gro Prods., Inc. v. Shark Prods., Inc.*, 823 F. Supp. 1077, 1090 (S.D.N.Y. 1993) (trademarks laws are designed to protect against subconscious association "even if it can be dispelled by the consumer upon further investigation"); *Resorts Int'l v. Greate Bay Hotel and Casino*, 830 F. Supp. 826, 838 (D.N.J. 1992) (in addition to "mistake" and confusion as to source, there is a third, and perhaps most significant kind of confusion" -- subliminal confusion) (citations omitted); *Veryfine Prods., Inc. v. Colon Brothers, Inc.*, 799 F. Supp. 240, 251 (D.P.R. 1992) (finding all three forms of confusion existed); *Koppers Co., Inc.*, 517 F. Supp. at 844 ("Courts have increasingly come to recognize that damaging misassociation of commercial identities can occur at subliminal levels."); *Ortho Pharmaceutical Corp. v. American Cyanimid Co.*, 361 F. Supp. 1032, 1044 (D.N.J. 1973) ("The trade-mark laws protect against this kind of psychological confusion implanted by similar trademarks in the mind of a consumer.").

1983), which involved a store brand "equivalent" to the TYLENOL brand:[10]

> There is something inherently unfair in the effort by plaintiffs to avail themselves of the name and good will of Tylenol. Defendants have expended millions of dollars in advertising their product to the American public. To permit a bystander who has spent a minimum of time, money, and effort in developing its product to profit by marketing the identical commodity with the similar name and packaging is contrary to the stated Congressional purpose of the Lanham Act.

Id. at 1060.

By closely copying the trade dress of market leaders, private labels, such as Venture's lotion, essentially get a free ride on the time, effort and expense incurred by the market leader in developing a distinctive, unique trade dress for its product and promoting that distinctive trade dress as an indicator of source.[11] The private label product in its copycat packaging thus conjures up the market leader and becomes imbued with the reputation for high quality that the market leader has worked so hard to establish and the favorable association the market leader's package has come

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[10] In *Kroger*, the declaratory judgment plaintiffs marketed over-the-counter acetaminophen in competition with Johnson & Johnson's market leader TYLENOL brand acetaminophen. The plaintiffs' redesigned packaging was nearly identical to that used by Johnson & Johnson for TYLENOL, and included the use of trademarks ending in the suffix -NOL. *Id.* at 1056-57.

[11] Conopco spent two years developing the revised VICL trade dress and $106 million promoting and advertising the revised VICL. In contrast, it took defendants less than a year to copy the VICL redesigned trade dress. District Court Finding of Fact Nos. 21-25, 36, 50, 52, reprinted in Petition for Writ of Certiorari, pp. 35a-36a, 38a-39a, 40a, 42a.

to represent in consumers' minds as a consequence of product quality and consumer acceptance.[12] Thus, with comparably little effort and money, the private label is able to ride on the coattails of the market leader.[13]

There are many legitimate ways for a private label manufacturer to encourage consumers to "compare and save" to the market leader, such as advertising and shelf talkers, which do not create subliminal confusion. The Federal Circuit's decision now gives private label manufacturer's carte blanche to copy the market leader's valuable and well-known trade dress and trademarks, so long as the private label manufacturer includes its own logo.

CONCLUSION

For the reasons set forth above, a Writ of Certiorari should issue to review the judgment and opinion of the Federal Circuit in the case styled *Conopco, Inc. v. May*

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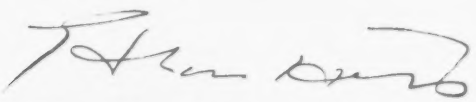
[12] A recent study demonstrated clearly that extrinsic cues (packaging) effect the quality assessment of products by consumers significantly more than intrinsic cues (the product's actual ingredients). Paul S. Richardson, Alan S. Dick & Arun K. Jain, "Extrinsic and Intrinsic Cues Effects on Perceptions of Store Brand Quality," 58 *Journal of Marketing* 28 (Fall 1994).

[13] *See, Kroger Co.*, 570 F. Supp. at 1060 (referring to plaintiffs' blatant copying of the TYLENOL trade dress and mark as "reminiscent of the plight of the Little Red Hen whose friends declined to plant, harvest or thresh wheat; grind or bake the flour, but were all too ready to share with her the bread that resulted."); *McDonald's Corp. v. McBagel's, Inc.*, 649 F. Supp. 1268, 1270-71, 1278-79 (S.D.N.Y. 1986) (McDonald's advertising expenditures totalled $350 million annually compared to defendant's $10,000-$15,000 per year; defendant refused to change its name when objected to by McDonald's because of the free publicity defendant's store received due to the dispute); *see also Playboy Enters., Inc.*, 486 F. Supp. at 429 (evidence established that defendants would have had to expend approximately $2,000,000 to launch a magazine that could compete with PLAYBOY, but by using the mark PLAYMEN, defendants were able to launch their magazine and effectively compete with PLAYBOY for a mere $50,000).

Dep't Stores Co., ___ F.3d ___, 32 U.S.P.Q.2d 1225 (Fed. Cir. 1994).

Respectfully submitted,



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March 29, 1995

No. 94-1437

(5)

MOTION FILED

MAR 29 1995

IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

CONOPCO, INC. d/b/a
CHESEBROUGH-POND'S USA CO.,

Petitioner,

vs.

MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY, and KESSLER CONTAINERS, LTD.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

MOTION FOR LEAVE TO FILE BRIEF AND BRIEF OF THE BRISTOL-MYERS SQUIBB COMPANY AS AMICUS CURIAE IN SUPPORT OF THE PETITION

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MOTION FOR LEAVE TO FILE BRIEF AND BRIEF OF THE BRISTOL-MYERS SQUIBB COMPANY AS AMICUS CURIAE IN SUPPORT OF THE PETITION

The Bristol-Myers Squibb Company ("**Bristol**") hereby moves, pursuant to Rule 37.2 of the Rules of this Court, for leave to file the attached brief amicus curiae in support of the petition for certiorari. Counsel for petitioner Conopco, Inc. ("**Conopco**") has consented to the filing of this brief.* However, counsel for the respondents have each withheld consent.

Bristol is one of the largest manufacturers of over-the-counter pharmaceutical preparations, health and beauty aids and personal and hair care products in the United States. Its products, which include such famous household names as EXCEDRIN®, BUFFERIN® and NUPRIN® analgesics, BAN® antiperspirants, the CLAIROL® line of hair care products, and KERI® skin care lotions, are sold in virtually every supermarket, drug store and mass merchandiser in this country. In each of these marketplaces, Bristol's products face fierce but fair competition. In some stores, the competition is only from other national manufacturers, such as petitioner Conopco. In others, Bristol also faces competition from the store's own brands, also known as "private label" brands.

To catch the consumer's eye amidst the cacophony of the modern day retail marketplace, and to distinguish its products from the like products of its competitors, Bristol has spent hundreds of millions of dollars to develop and promote distinctive and recognizable trade dress for each of its products. As a result of these vast expenditures, consumers

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* A copy of the consent letter is being filed concurrently with the Clerk of the Court.

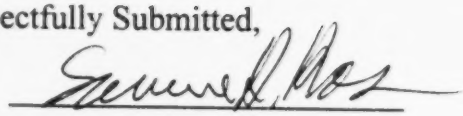
have come to associate this trade dress with the safety, efficacy and overall high quality of Bristol's products. Thus, over the course of time, the trade dress of Bristol's products has become an invaluable corporate asset.

That asset, and the like assets of scores of other consumer product manufacturers, has been placed in severe jeopardy by the Federal Circuit's 2-1 decision that is the subject of Conopco's petition. In *Conopco*, the panel majority expressly authorized retailers selling their own private label products in competition with national brands to slavishly copy the latter's trade dress, so long as the retailer's own name or logo appears on the package. The majority's holding not only creates an irreconcilable conflict between the Federal Circuit and other Circuits, but also fundamentally ignores this Court's recent teachings in *Two Pesos, Inc. v. Taco Cabana, Inc.*, _____ U.S. _____, 112 S. Ct. 2753 (1992), as to the critical importance trade dress plays in the selection of goods by consumers. *Conopco* doubtless will embolden other private label manufacturers to copy the famous trade dress of their national brand competitors, and thus deceive consumers in ways that other Courts of Appeals have held to violate the Lanham Act, but to which the Federal Circuit gave its blessing.

In short, *Conopco* fundamentally affects the vital interests of Bristol, of other manufacturers of national consumer brands, and of U.S. consumers. In Bristol's case, the consequences of the Federal Circuit's decision are particularly disturbing, because Bristol sells a variety of high quality over-the-counter drug products, the indicia of origin of which should not be placed in the hands of others over whom Bristol has no control. For the above reasons, Bristol respectfully requests leave to file the attached brief, and urges this Court to grant Conopco's petition and reverse the decision below.

Dated: March 28, 1995
New York, New York

Respectfully Submitted,

By: 

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INTEREST OF AMICUS

Amicus The Bristol-Myers Squibb Company ("**Bristol**") respectfully refers this Court to the description of its interest presented in its annexed motion for leave to file this brief.

REASONS FOR GRANTING THE WRIT/ SUMMARY OF POSITION

This Court and each of the Courts of Appeals to have addressed the issue have recognized the critical importance of trade dress to both manufacturers and consumers.[1] To the manufacturer, which often spends millions of dollars developing and promoting it, the trade dress associated with its products is a vital and extraordinarily valuable aspect of its business. To the consumer, trade dress is an important -- often *the most important* -- means of quickly distinguishing his or her product of choice from the sea of competitive products during what is typically a hurried shopping expedition.

In this case, a divided panel of the Federal Circuit, purporting to apply Eighth Circuit law, reversed a decision of the United States District Court for the Eastern District of Missouri reached after an eight-day bench trial. The majority held that Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), permits retailers that market both their own private label store brand and a competing national brand to deliberately copy the national brand's trade dress, so long as the retailer's own house mark or logo is also somewhere affixed to the package. The majority's holding is premised on a fundamental disregard of how trade dress affects consumer purchasing decisions and of the different types of actionable consumer confusion that result when one party pirates another's distinctive trade dress. The Federal Circuit's decision creates a clear conflict among the Circuits. The panel majority ignored two well-established lines of cases which recognize that certain types of consumer confusion cannot be prevented by a

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[1] Trade dress is the overall appearance of a product or its packaging, including color scheme, shape, size, graphic presentation and other stylized elements.

retailer's use of its own mark in conjunction with the competitor's mark or trade dress that the retailer copied or simulated. For example, the Federal Circuit ignored the kind of customer confusion that results (and that the trial court found as a fact would likely result here) when a product, even though understood by consumers not to *be* the national brand, is thought to be authorized, licensed or sponsored by the national brand ("sponsorship" or "association" confusion). Similarly, the Federal Circuit also ignored the kind of consumer confusion that results when copycat trade dress catches the consumer's eye in the store, even if, by the time of purchase, the consumer realizes that the product is not in fact the national brand (so-called "foot-in-the-door" confusion).

Congress enacted Section 43(a) of the Lanham Act to create a uniform federal standard to protect consumers from marketplace confusion and to protect manufacturers from unfair competition caused by the "deceptive and misleading use" of trademarks and trade dress. Thus, any conflict among the Circuits as to whether a particular type of activity violates the Lanham Act necessarily frustrates Congress's goal. Moreover, the conflict engendered by the decision of the *Conopco* panel majority is especially serious, because trade dress copying by private label manufacturers is an increasingly common phenomenon. Unless reversed, the Federal Circuit's decision cannot help but encourage more private label manufacturers to become copyists, and will, at a minimum, foster confusion among national brand and private label manufacturers as to the latter's rights to deliberately simulate the former's well-known trade dress. Trade dress copying will severely harm national brand manufacturers such as Conopco and Bristol, whose substantial financial investments in the development of proprietary trade dress and associated good will are threatened with misappropriation without compensation, and whose good will and reputations for high quality products will be placed in the hands of copyists over whom

the national brand manufacturers have no control. Trade dress piracy will also injure American consumers, who the Federal Circuit has now held to be fair game for marketing tactics that other federal appellate and trial courts have denounced as deceptive and unfair.

Review Is Necessary To Resolve A Conflict Among The Circuits

A. The Relevant Legal And Factual Context Of The *Conopco* Decision

As this Court recently held, Congress enacted the Lanham Act "to make 'actionable the deceptive and misleading use of marks' and 'to protect persons engaged in commerce . . . against unfair competition.' " *Two Pesos, Inc. v. Taco Cabana, Inc.*, ____ U.S. ____, 112 S. Ct. 2753, 2757 (1992), *quoting* Lanham Act § 45, 15 U.S.C. § 1127. In *Two Pesos*, this Court expressly recognized the importance to both manufacturers and consumers of a uniform nationwide law prohibiting trade dress infringement and held that the Lanham Act protects trade dress to the full extent that it protects trademarks:

> Protection of trade dress, no less than of trademarks, serves the [Lanham] Act's purpose to "secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefit of good reputation."

112 S. Ct. at 2760, *quoting Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985).

To prevail on a claim for trade dress infringement, a plaintiff must first establish a protectable interest in its trade dress. *See Two Pesos,* 112 S. Ct. at 2757-58. If it meets that test, as petitioner did here, 784 F. Supp. at 677 (Petition at 78a-79a), it then must establish a likelihood that consumers will be deceived or confused by the similarity of the defendant's trade dress. 112 S. Ct. at 2763 (Stevens, J., concurring). The Courts of Appeals have applied materially identical tests for determining whether a likelihood of confusion exists. These tests require evaluation of various factors, including (1) the strength of the plaintiff's mark or trade dress; (2) the degree of similarity of the parties' marks or trade dress; (3) the similarity of the parties' products; (4) the competitive proximity of the products; (5) the defendant's intent; and (6) instances of actual confusion. *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980); *see, e.g., Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961); *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1229 (3d Cir. 1978); *Helene Curtis Indus., Inc. v. Church & Dwight Co.*, 560 F.2d 1325, 1330 (7th Cir. 1977), *cert. denied*, 434 U.S. 1070 (1978); *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

Proof that defendant intentionally copied plaintiff's mark or trade dress creates a powerful presumption that one or more types of actionable consumer confusion will result.[2] This

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[2] *Perfect Fit Indus., Inc. v. Acme Quilting Co.*, 618 F.2d 950, 954 (2d Cir. 1980), *cert. denied*, 459 U.S. 832 (1982) ("If there was intentional copying, the second comer will be presumed to have intended to create a confusing similarity of appearance and will be presumed to have succeeded"); *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464, 467 (2d Cir.), *cert. denied*, 350 U.S. 832 (1955) (intentional copying "gives rise to a powerful inference that confusion is likely, and puts on the alleged infringer the burden of going forward with proof that it is not"). *Accord, Osem Food Indus. Ltd. v.*

(Footnote continued)

presumption dates back nearly to the beginning of the century, to the Second Circuit's common sense observation that:

> "It is so easy for the honest businessman, who wishes to sell his goods upon their merits, to select from the entire material universe which is before him, symbols, marks and coverings, which by no possibility can cause confusion between his goods and those of his competitors, that the courts look with suspicion upon one who, in dressing his goods for the market, approaches so near to his successful rival that the public may fail to distinguish between them."

Florence Mfg. Co. v. J.C. Dowd & Co., 178 F. 73, 78 (2d Cir. 1910). Several decades later, Judge Learned Hand reached the equally common sense conclusion that, since the intentional copyist "is intimately concerned with the probable reaction in the market, his judgment manifested prior to the controversy" that copying the first comer to the market would be of commercial benefit to the copyist, "is highly persuasive" that consumer confusion will indeed result. *American Chicle Co. v. Topps Chewing Gum, Inc.*, 208 F.2d 560, 563 (2d Cir. 1953), *quoting* Restatement of Torts § 729 comment (e) (1938).

Sherwood Foods, Inc., 917 F.2d 161, 165 (4th Cir. 1990) ("When a newcomer to the market copies a competitor's trade dress, its intent must be to benefit from the goodwill of the competitor's customers by getting them to believe that the new product is either the same, or originates from the same source as the product whose trade dress was copied"); *Academy of Motion Picture Arts & Sciences v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1456 (9th Cir. 1991) ("When one party knowingly adopts a mark similar to another's, reviewing courts presume that the defendant will accomplish it purpose, and the public will be deceived"); *Bauer Lamp Co. v. Shaffer*, 941 F.2d 1165, 1172 (11th Cir. 1991) (same holding).

As set forth in detail in Conopco's petition, the trial court found as a fact that Conopco's trade dress for Vaseline Intensive Care Lotion (**"Vaseline Intensive Care"**) was a strong mark; that respondents deliberately set out to copy the Vaseline Intensive Care trade dress; that in doing so, numerous potential designs were rejected as not appearing similar enough to the Vaseline Intensive Care trade dress; that respondent Venture chose not to put its own name on the front of its private label package, but did place the Vaseline Intensive Care mark, complete with trademark registration symbols, on the front of the package; and that the trade dress that respondents ultimately adopted was extremely similar to that of Vaseline Intensive Care. 784 F. Supp. at 659-61, 664, 666-67, 678 (Petition at 42a-44a, 54a, 56a-57a, 80a).

B. The Majority's Holding

The Federal Circuit did not disturb any of those factual findings. Nonetheless, it held, with one judge dissenting, that the trial court committed clear error in its ultimate finding that consumer confusion would likely occur. Dismissing the trial court's factual findings as to the similarity of the parties' trade dress and respondents' intentional copying as "at best merely inferentially or presumptively relevant to the likelihood of confusion," 32 U.S.P.Q.2d 1225, 1232 (Fed. Cir. 1994) (Petition at 16a), the majority expressly endorsed respondents' copying of Conopco's trade dress as a legitimate way to hawk a message of product comparability:

> This is a case in which a retailer markets a national brand product and at the same time markets its own private label product in direct competition. The retailer packages its product in a manner to make it clear to the consumer that the product is similar to the national brand, and is intended for the same purposes. At the same time, the retailer clearly

> marks its product with its private logo, and expressly invites the consumer to compare its product with that of the national brand, by name . . . . We are unwilling to attribute to the Eighth Circuit, absent clear precedent so requiring, a rule that would make such competition presumptively unlawful.

32 U.S.P.Q.2d at 1231 (Petition at 15a).

An essential aspect of the majority's analysis was its assumption that the only type of consumer confusion relevant to a likelihood of confusion analysis was "confusion about whose product was whose," 32 U.S.P.Q.2d at 1232 (Petition at 18a), *i.e.*, whether respondents' trade dress was likely to cause consumers to purchase the Venture private label skin care lotion in the mistaken belief that they had actually selected a bottle of Vaseline Intensive Care. Concluding that even in the absence of the Venture name on the front of the private label bottle, the presence of the Venture logo on the front of the bottle made that type of confusion unlikely, 32 U.S.P.Q.2d at 1231-32 (Petition at 16a-17a), the Federal Circuit reversed the trial court's determination that respondents were liable under Section 43(a) for trade dress infringement.

C. The Federal Circuit's Decision Creates A Conflict Among The Circuits

Petitioner Conopco is absolutely correct that the Federal Circuit's holding -- that a store selling its own private label brand may freely copy the trade dress of a national brand to communicate product comparability or otherwise to invite consumer comparison if the store displays its own trademark or logo on the private label product or package -- conflicts with the Second Circuit's decision in *Oral-B Labs., Inc. v. Mi-Lor Corp.*, 810 F.2d 20, 22-23 (2d Cir. 1987). There, the Second Circuit expressly rejected the argument that the private label manufacturer of a store brand toothbrush could

copy the trade dress of ORAL-B, a national toothbrush brand, to evoke consumer comparison of the store brand with ORAL-B, or could avoid liability for trade dress infringement by adding to the private label package, as respondents did in the case at bar, "the name of [the] retailer" and a statement inviting the consumer to "COMPARE WITH ORAL-B."

In like manner, as petitioner informs this Court (Petition at 12 n.9), the Federal Circuit's decision is also inconsistent with federal district court cases holding that it is a violation of the Lanham Act for retailers to copy the trade dress of national brands on competing private label products, notwithstanding that the retailer's name appears on the package of the copycat product. *E.g.*, *Kroger Co. v. Johnson & Johnson*, 570 F. Supp. 1055 (S.D. Ohio 1983) (store brands' mimicking of the distinctive TYLENOL trade dress and trademark violated the Lanham Act, notwithstanding that the copycat packaging bore the names of the well-known supermarket and drug store chains Kroger and Super X); *Ziegenfelder Co. v. Dunkirk Ice Cream Co.*, 30 U.S.P.Q.2d 1604 (N.D. W.Va. 1993) (preliminary injunction granted in case involving private label's copying of major brand's trade dress even though private label's trademark appeared on the copyist's package). *Kroger* is especially instructive. There, like here, retailers deliberately copied the packaging of a well-known national brand in order that the retailers' store brands would be "reminiscent" of the national brand in shoppers' minds. 570 F. Supp. at 1057 n.4. In enjoining the retailers from using their copycat packaging, the court clearly recognized what the Federal Circuit in *Conopco* simply missed:

> There is something inherently unfair in the effort by [the retailers] to avail themselves of the name and good will of Tylenol. [Johnson & Johnson has] expended millions of dollars in advertising [its] product to the American public. To permit a

> bystander who has spent a minimum of time, money, and effort in developing its product to profit by marketing the identical commodity with a similar name and packaging is contrary to the stated Congressional purpose of the Lanham Act.

Id. at 1060.

Moreover, Bristol respectfully submits that petitioner has in fact understated the extent and scope of the inter-circuit conflict engendered by the Federal Circuit's decision. In holding that petitioner could not prevail without proving that consumers were likely to buy the Venture store brand product in the mistaken belief that they were buying Vaseline Intensive Care, the Federal Circuit utterly disregarded the relevance of two other equally pernicious kinds of consumer confusion that are spawned by trade dress piracy, that were found by the trial court to be present in this case, and that other federal appellate and district courts have held to be actionable under the Lanham Act.

1. The Federal Circuit Ignored A Long Line Of Cases Recognizing "Sponsorship" Or "Association" Confusion

The first such kind of confusion is confusion as to association or sponsorship, in which consumers recognize at the time of purchase that defendant's product is being sold under a brand name other than plaintiff's, but are induced to believe that plaintiff has manufactured, sponsored or authorized defendant's product because of defendant's use of a trademark or trade dress that closely mimics or copies plaintiff's. *E.g.*, *Lois Sportswear, U.S.A., Inc. v. Levi Strauss*, 799 F.2d 867, 872 (2d Cir. 1986) (Lanham Act violation occurs even where consumer realizes at the point of purchase that he is not buying LEVI's jeans, but is nonetheless confused by defendant's use or emulation of plaintiff's proprietary trade dress or marks

into believing that [defendant] either somehow is associated with [plaintiff] or has consented to [plaintiff's] use of its trademark"); *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976) (likelihood of confusion established where consumer is likely to believe that defendant's enterprise "may in some way . . . be connected or affiliated with, or sponsored by" plaintiff); *Anheuser-Busch, Inc. v. Balducci Publications*, 28 F.3d 769, 774 (8th Cir. 1994), *cert. denied*, ___ U.S. ___, 115 S. Ct. 903 (1995), *quoting* McCarthy, *Trademarks and Unfair Competition* § 24.03, at 24-13 (3d ed. 1992) (under Lanham Act, "an expansive interpretation of likelihood of confusion" is appropriate, extending 'protection against use of plaintiff's mark on any product or service which would reasonably be thought by the buying public to come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner' "); *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 398 (8th Cir. 1987), *cert. denied*, 488 U.S. 933 (1988) (likelihood of confusion as to whether plaintiff "has sponsored, endorsed or is otherwise affiliated with" defendant's design establishes liability under Section 43(a)).

In amending Section 43(a) of the Lanham Act in 1988, Congress made explicit that the statute prohibited conduct likely to cause confusion as to "affiliation, . . . association . . . , sponsorship, or approval . . . ."[3] The trial court found as a fact that respondent's packaging created a likelihood of confusion as to sponsorship. 784 F. Supp. at 682-83 (Petition at 89a-90a).

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[3] As amended in 1988, 15 U.S.C. § 1125(a) (1) prohibits acts in commerce that are "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . ." (Petition at 3).

2. The Federal Circuit Ignored The Line Of Cases Recognizing "Foot-In-The-Door" Confusion

The second such type of confusion, often referred to as "foot-in-the-door" confusion, is the explicit goal of the private label copyist, who deliberately uses the familiar trade dress of a famous brand to call a consumer's attention, either consciously or subliminally, to the private label product. In such circumstances, the consumer is initially attracted to and induced to consider purchasing a private label brand that he or she would not otherwise have considered buying, because of the private label's attention-getting use of the established brand's well-known trade dress or trademark -- a ploy similar to the prohibited practice of bait and switch. In *Conopco*, the trial court found as a fact that this was precisely what respondents intended. 784 F. Supp. at 666 (Petition at 56a).

Federal courts have long recognized that "borrowing" a competitor's trademarks or trade dress, and the good will attendant thereto, to compete against the trademark or trade dress owner, is unfair competition in violation of the Lanham Act even where, by the time the consumer ultimately purchases the copyist's product, he or she realizes that it is not the established brand. In *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf v. Steinway & Sons*, 523 F.2d 1331 (2d Cir. 1975), the Second Circuit affirmed an injunction for infringement of the famous Steinway trademark for pianos, notwithstanding the absence of any proof that at the time of purchase, consumers mistakenly believed they were buying Steinway pianos. An injunction was warranted, the Court of Appeals found, because defendant's adoption of a similar mark would likely cause "subliminal confusion . . . as to the relationship . . . between the corporate entities and the products that can transcend the competence of even the most sophisticated consumer" who, having been "[m]isled into an

initial interest" in the junior user's product, might elect to buy it even after recognizing it to be a different brand. *Id.* at 1341.

Similarly, in *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254, 259 (2d Cir. 1987), the Second Circuit found a likelihood of confusion respecting defendant's use of the word Pegasus as the trade name for its oil company, where a graphic nonverbal presentation of Pegasus is Mobil's famous trademark. The Court of Appeals concluded that confusion was likely, not because a third party would ultimately contract with defendant "believing it is related to Mobil, but rather in the likelihood that [defendant] would gain critical credibility during the initial phases of a deal" as a result of a fleeting association caused by the similar images of the parties' marks. *Accord, Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*, 486 F. Supp. 414, 428 (S.D.N.Y. 1980), *aff'd*, 687 F.2d 563 (2d Cir. 1982) (PLAYMEN for men's magazine infringes PLAYBOY mark, not because consumers will be duped into believing they are buying PLAYBOY Magazine, but rather because defendant's "exploiting [a] subliminal or conscious association with plaintiff's well-known name" may motivate consumers to buy PLAYMEN who would not otherwise have done so had the magazine carried a different name); *McDonald's Corp. v. McBagel's, Inc.*, 649 F. Supp. 1268, 1273-74, 1279 (S.D.N.Y. 1986) (enjoining use of McBagel's mark for bagel restaurant even though consumers would readily recognize, well before even entering defendant's restaurant, that it was not McDonald's. Injunction issued because use of "Mc" mark would cause consumers to associate defendants "however fleetingly, with plaintiff's goods, services, sponsorship or other support," and thus to eat at McBagel's whereas, absent defendant's use of the closely similar mark, consumers may never have noticed defendant's business.)

As the above cases reflect, the placement of a junior user's trademark on trade dress that the junior user copied from the senior user in no way eliminates the risk of associational or "foot-in-the-door" confusion. Thus, the Federal Circuit's conclusion in *Conopco* -- that the presence of the Venture logo on respondent's packages is sufficient to dispel any likelihood of confusion -- is squarely at odds with a long line of federal appellate and district court decisions holding precisely to the contrary. For example, in *W.E. Bassett Co. v. Revlon, Inc.*, 435 F.2d 656, 662 (2d Cir. 1970), plaintiff, the owner of the mark "Trim" for a manicuring tool, sued Revlon for infringement based on Revlon's use of the mark "Revlon's Cuti-Trim" for a similar product. Although defendant's packaging prominently featured the famous Revlon mark, the Second Circuit affirmed judgment for plaintiff, holding that "Revlon's reliance on the fact that it uses its well-known name along with 'Cuti-Trim' is misplaced" because this "tactic could well show that Revlon was seeking . . . to couple the benefits of the 'Trim' mark with the persuasive powers of its own name, and thus the tactic could not ensure against, but might indeed promote, confusion." *Accord*, *Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 1970 (2d Cir. 1991) (infringement found in defendant's emulation of plaintiff's well-known style of tag affixed to leather handbags, notwithstanding that plaintiff's and defendant's well-known names appeared on their respective tags); *Badger Meter v. Grinnell Corp.*, 13 F.3d 1145, 1152 (7th Cir. 1994) (finding of likelihood of confusion affirmed despite presence of house labeling on defendant's product); *Ambrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1540 (11th Cir. 1986), *cert. denied*, 481 U.S. 1041 (1987) (presence of defendant's mark on its goods does not prevent finding of trade dress infringement); *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 698 (5th Cir. 1981), *cert. denied*, 457 U.S. 1126 (1982) (same

holding); *Le Sportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 79 (2d Cir. 1985) (same holding).[4]

Critically, the Federal Circuit's decision in *Conopco* ignores these substantial precedents and expressly approves a practice that the federal courts previously had widely condemned -- a copyist's deliberate simulation of another's well-known, familiar mark or trade dress as a marketing device designed to call attention to the copyist's product. As these courts have recognized, hitching a free ride on the packaging recognition that another manufacturer has labored long and at great expense to develop is precisely the type of unfair competition that Congress, in enacting the Lanham Act, sought to prohibit.

CONCLUSION

The decision of the *Conopco* panel majority is a frontal assault on the rights of national brand manufacturers to protect their investment in the development of proprietary trade dress from piracy by private label competitors, and an open invitation for retailers marketing private label brands to make free use of the good will that national brand manufacturers have invested vast sums to develop. Nor will consumers benefit from this misguided attempt at Robin Hood justice: quite to the contrary, the sleight of hand practices to which the Federal Circuit has

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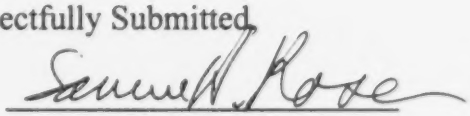
[4] *See also Veryfine Prods., Inc. v. Colon Bros., Inc.*, 799 F. Supp 240, 252 (D.P.R. 1992) (presence of defendant's mark on challenged packaging does not dispel likelihood of confusion); *Kraft General Foods, Inc. v. Friendship Dairies*, 19 U.S.P.Q.2d 1691, 1693-94 (S.D.N.Y. 1991) (likelihood of confusion found as to trade dress of sour cream containers notwithstanding that both cartons displayed their respective manufacturer's well-known brand names); *Ciba-Geigy Corp. v. Bolar Pharmaceutical Co.*, 547 F. Supp. 1095, 1102-03 (D.N.J. 1982), *aff'd*, 719 F.2d 56 (3d Cir. 1983), *cert. denied*, 465 U.S. 1080 (1984) (infringement found even though defendant's corporate logo was imprinted on look-alike generic drugs).

now given its approval have routinely been viewed by other federal courts as profoundly deceptive and unfair.

The *Conopco* decision is not only at odds with the expansive scope of trade dress protection under the Lanham Act which this Court recognized in *Two Pesos*, but is also in hopeless conflict with the decisions of other Courts of Appeals. Amicus Bristol respectfully requests that this Court grant Conopco's petition, resolve this conflict and reverse the Federal Circuit's decision.

Dated: March 28, 1995
New York, New York

Respectfully Submitted,

By: 
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No. 94-1437

(6)

MOTION FILED

MAR 29 1995

IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

CONOPCO, INC., D/B/A CHESEBROUGH-POND'S USA CO.,

Petitioner,

—v.—

MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY and KESSLER CONTAINERS, LTD.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

MOTION FOR LEAVE TO FILE BRIEF AMICUS CURIAE AND BRIEF AMICUS CURIAE OF INTERNATIONAL TRADEMARK ASSOCIATION IN SUPPORT OF PETITION

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

MOTION FOR LEAVE TO FILE BRIEF OF THE INTERNATIONAL TRADEMARK ASSOCIATION AS AMICUS CURIAE

International Trademark Association (INTA), a not-for-profit corporation whose more than 2,800 members have an interest in trademarks and trade dress, respectfully moves for leave to file the attached brief *amicus curiae* in this trade dress infringement case. The consent of the attorney for petitioner has been obtained. The consent of the attorneys for each of the respondents was requested but refused.

In today's marketplace in which the purchasing decision for many products and services is based on visual communication, trade dress serves a selection function that is at least as significant as that served by trademarks, and needs no less protection. In *Two Pesos Inc.* v. *Taco Cabana Inc.*, 120 L.Ed.2d 615, 112 S.Ct. 2753 (1992), the Court recognized this need and applied to the trade dress case before it the same analytical approach as is applicable to cases of trademark infringement.

The decision of the Federal Circuit below, however, neither cited *Two Pesos* nor followed its approach, and accorded trade dress a different, and lesser, level of protection than trademarks. The public is affected by this decision since it needs protection from the deception which results from infringing trade dress. INTA and its members are affected by this decision since INTA members own trade dress under which their goods and services are marketed and need to protect this trade dress against infringement. If, as the Federal Circuit decided, infringement can be avoided solely by the display of the putative infringer's name or mark, the interests of both the public and trade dress owners will be adversely impacted.

The decision below applied the approach rejected in *Two Pesos*: a different analysis for trade dress protection than for trademark protection. INTA'S brief *amicus curiae* focuses on why the same analysis and level of protection should be applicable to both. INTA respectfully requests that its motion be granted and that its brief be considered by the Court in connection with the petitioner's request for the grant of a Writ of Certiorari.

Respectfully submitted,

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IN THE

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF AMICUS CURIAE OF INTERNATIONAL TRADEMARK ASSOCIATION IN SUPPORT OF PETITION

Upon motion for leave submitted herewith pursuant to Rule 37.4 of the Rules of the Court, the International Trademark Association ("INTA") respectfully submits this Brief Amicus Curiae.

In today's marketplace, the purchasing decision for many products and services is based on visual communication. Trade dress serves a selection function at least as significant as that served by trademarks. Thus, trade dress needs no less protection than trademarks. In an effort to insure such pro-

tection, INTA filed a brief *amicus curiae* in *Two Pesos Inc.* v. *Taco Cabana Inc.*, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992).

The Court's decision in *Two Pesos* recognized the need. It stated that trade dress, which it described as "the features of a product design," is "capable of distinguishing" products in the modern marketplace if such trade dress either is inherently distinctive or has acquired secondary meaning. 112 S.Ct. at 2759, 120 L.Ed.2d at 626. Because Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), "provides no basis for distinguishing between trademarks and trade dress," and the copier of either "may be seen as falsely claiming that his products may for some reason be thought of as originating from the plaintiff," the Court recognized that the protection of both trademarks and trade dress under the Lanham Act served the same purpose of "preventing deception and unfair competition." *Id.* at 2759-2760. Accordingly, the Court acknowledged that the same analytical approach to determining infringement was to be applied in either case.

The Court's decision in *Two Pesos* brought needed certainty to the law of trade dress. That certainty, however, is undercut by the decision of the Federal Circuit in the instant case, a decision that cannot be reconciled with *Two Pesos*.

INTA urges the Court to grant certiorari because the decision of the Federal Circuit in the instant case directly contravenes the teaching of *Two Pesos* and will encourage widespread copying of otherwise protectible trade dress, resulting in substantial deception, unfair competition and consumer confusion.

INTEREST OF THE AMICUS CURIAE

INTA is a not-for-profit corporation of more than 2800 members having an interest in trademarks and trade dress. Its members include trademark and trade dress owners, advertising agencies, and law firms from the United States and

other countries, all interested in protecting the integrity of trademarks through a coherent and consistent legislative and judicial treatment of trademarks. At least two of the litigants, petitioner Conopco, Inc., and respondent May Department Stores Company, are members of INTA.[1]

INTA was founded in 1878 as The United States Trademark Association, with its first goal to encourage the enactment of federal trademark legislation. Since then, INTA has been instrumental in making recommendations and providing assistance to legislators in connection with the first federal trademark law, the Lanham Act and amendments thereto, including the Trademark Law Revision Act of 1988. *See*, 134 Congressional Record S 16974 (daily ed. October 20, 1988) (statement of Sen. DeConcini).

Some of the world's foremost corporations are members of INTA. These members represent an important segment of the domestic and international business community. They and their counsel have substantial expertise in trademark law. INTA has participated as an *amicus curiae* in many trademark cases before this Court and in lower courts.

INTA takes no position as to whether or not respondent's trade dress in the instant case is likely to cause confusion, and thus infringes. This question of fact should be decided by the trier of the fact. INTA does take the position, however, that the Court's thoughtful analysis in *Two Pesos* compels the conclusion that trade dress is entitled to the same level of protection as trademarks.

INTA is concerned that the Federal Circuit has adopted a lesser standard of protection for trade dress by permitting a single factor—the presence of respondent's logo—to override any protectibility of trade dress. In a trademark case, that factor would be only one of the multiple factors to be considered

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[1] Neither petitioner nor respondents, nor any representative of petitioner or respondents, has participated in the decision of INTA to seek leave to file this brief.

in determining the outcome. Such a lesser standard of protection is inconsistent with the Court's analysis in *Two Pesos*, and increases the public's exposure to likelihood of confusion, fraud and deception.

Accordingly, INTA urges the Court to grant the Petition for a Writ of Certiorari with respect to Questions 1 and 2. While these questions specifically refer to "store brand products," the issues they raise apply to trade dress generally.

SUMMARY OF ARGUMENT

By according trade dress a different, and lesser, level of protection than trademarks, the Federal Circuit ignored this Court's teaching that the same analysis applies to each.

Moreover, since the defendant in a trade dress case typically has used with its own trade dress a name or logo distinguishable from the plaintiff's name or logo, the rationale of the Federal Circuit decision could effectively destroy trade dress protection.

If trade dress is accorded a different and lesser standard of protection than trademarks, and protection is denied to trade dress merely because the imitator displays its own name or logo, the public will be deceived and defrauded.

ARGUMENT

A. The Decision of the Federal Circuit Ignores The Decision in *Two Pesos Inc.* v. *Taco Cabana Inc.*

In *Two Pesos*, the Court applied the same standard to a trade dress infringement case under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), as is applied to trademark infringement cases. Referring to the standard under the Act that inherently distinctive trademarks are to be protected without proof of secondary meaning, the Court stated:

> This is the rule generally applicable to trademark, and the protection of trademarks and trade dress under § 43(a) serves the same statutory purpose of preventing deception and unfair competition. *There is no persuasive reason to apply different analysis to the two.* 112 S.Ct. at 2760, 120 L.Ed.2d at 627 (emphasis added).

Thus, *Two Pesos* settled in the negative the question of whether it is necessary to prove secondary meaning for inherently distinctive trade dress since it is unnecessary to prove secondary meaning for inherently distinctive trademarks. And, as courts citing *Two Pesos* have recognized,[2] its teaching extends to trade dress protection generally.

In the instant case, the Federal Circuit did not even cite *Two Pesos*, let alone follow its rationale. Rather, the Federal Circuit provided a lesser standard of protection for trade dress cases: it held that the mere presence of respondent's logo on respondent's private label imitation of petitioner's trade dress

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[2] See, *inter alia*, *Rubbermaid v. Contico Intern.*, 836 F.Supp. 1247, 1260 (W.D.Va. 1993) (citing *Two Pesos* for the general proposition that courts have accorded trade dress essentially the same protection as registered marks); *Allied Materials and Equipment v. Pappa Gepetto's Toys*, 28 USPQ2d 1862, 1864 (D.Kan. 1993) (citing *Two Pesos* for the general proposition that Section 43(a) of the Lanham Act prohibits use of false descriptions or representations in connection with the sale of goods and services); *Morton v. Rank America Inc.*, 812 F.Supp. 1062, 1065 (C.D.Cal. 1993) (citing *Two Pesos* for the proposition that a claim for trade dress infringement under the Lanham Act requires showing only that trade dress is (1) nonfunctional, (2) distinctive and (3) likely to cause confusion).

See also, Restatement (Third) of Unfair Competition § 16, pp. 156-57 and Comment (a) ("The scope of rights recognized in . . . [trade dress] is determined according to the general principles relating to infringement."); 1 J. Gilson, *Trademark Protection and Practice* § 7.02[7](g), p. 7-86 ("The likelihood of confusion factors which apply in trademark infringement cases also apply in Section 43(a) trade dress cases."); 1 J. McCarthy, *Trademarks and Unfair Competition* § 8.01[5], p. 8-11 (3d ed.) ("§ 43(a) has often been used as a vehicle by which to assert trade dress protection in the federal courts. In such § 43(a) cases, the traditional rules of trademark . . . law are applied.").

in and of itself rendered clearly erroneous the district court's finding of likelihood of confusion with the trade dress of petitioner's product.

It is well established in trademark cases that the putative infringer's use of its own name in conjunction with the allegedly infringing mark does not *per se* avoid likelihood of confusion. For example, in *Menendez* v. *Holt*, 128 U.S. 514, 521 (1888), the Court stated:

> [I]t is no answer to their action to say that there was no invasion of that right because the name of S.O. Ryder accompanied the brand upon the flour sold by appellants, instead of the name of Holt & Co. That is an aggravation, and not a justification, for it is openly trading in the name of another upon the reputation acquired by the device of the true proprietor.

Indeed, in the Eighth Circuit case that the Federal Circuit purports to follow, *SquirtCo.* v. *Seven-Up Co.*, 628 F.2d 1086 (8th Cir. 1980), the court of appeals affirmed the district court's finding of likelihood of confusion, even though the defendant's well-known Seven-Up name prominently appeared on its product. 207 USPQ 12, 22 (E.D. Mo. 1979). The Eighth Circuit noted that the test for infringement "does not hinge on a single factor but requires consideration of numerous factors . . . ." 628 F.2d at 1091.

Here, the Federal Circuit held that the mere appearance of respondent's logo (without even respondent's name) required the conclusion that confusion was unlikely even though (1) petitioner's marks were "strong," (2) the trade dress was "extremely similar," (3) the products were "directly competitive" and (4) respondents acted with "deliberate intent to imitate and infringe."[3]

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[3] The Federal Circuit said: "Even accepting these other findings as true, they are at best merely inferentially or presumptively relevant to the likelihood of confusion issue." The appearance of respondent's logo

Clearly, the Federal Circuit has applied to trade dress infringement cases a different, and lesser, standard of protection than that applied in trademark infringement cases. Since *Two Pesos* teaches that the standard must be the same, review by the Court is warranted.

B. Since the Typical Imitator in a Trade Dress Case Also Displays Its Own Name or Logo, the Federal Circuit's Decision Makes Trade Dress Protection Meaningless and Conflicts with Those of Other Circuits.

In almost every trade dress infringement case the imitator uses its own name or logo on the trade dress. For example, in *Two Pesos*, the plaintiff's Mexican restaurants prominently bore the name "Taco Cabana," while the infringing trade dress of the defendants' Mexican restaurant prominently included the clearly distinguishable name "Two Pesos." *See also*, *Paddington Corp. v. Attiki Importers & Distrib.*, 996 F.2d 577 (2d Cir. 1993), where the plaintiff's label bore the trademark NO 12 OUZO, while the defendant's infringing label displayed the noninfringing designation #1 OUZO); *Charles Jacquin Et Cie v. Destileria Serralles*, 921 F.2d 467 (3d Cir. 1990), where the plaintiff's bottle bore the trademark JACQUIN while the defendant's infringing bottle bore the trademark DON JUAN); *Nabisco Brands Inc. v. Conusa Corp.*, 14 USPQ2d 1324 (4th Cir. 1989), where the plaintiff's candy bore the mark LIFESAVER and the defendant's infringing candy bore the mark BARCA; *Badger Meter Inc. v. Grinnel Corp.*, 13 F.3d 1145 (7th Cir. 1994), where the trade dress of the defendant's HERSEY 430 SERIES II water meter was held to infringe the trade dress of the plaintiff's RECORDALL 25 water meter).[4]

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on respondent's product was "[a] factor more probative of that issue . . . ." ___ F.3rd at ___, 32 USPQ2d at 1231-1232.

[4] In addition to these recent decisions from the regional circuits, there are a great number of similar district court decisions and earlier appellate decisions.

Thus, the Federal Circuit's interpretation of trade dress infringement law clearly is contrary to the law as stated in *Two Pesos*, and in conflict with the numerous cases in the regional courts of appeals in which trade dress infringements have been enjoined in spite of prominent display of the infringers' names.

Notwithstanding that the Federal Circuit purports to apply the law of the relevant regional circuits in trademark and trade dress infringement cases,[5] the impact of this inconsistency, and consequent uncertainty in the law, can be considerable. Because the Federal Circuit has exclusive jurisdiction over patent appeals, 28 U.S.C. § 1295, it hears all appeals in cases in which trade dress infringement claims are joined with patent claims. In addition, because of the Federal Circuit's relationship to the Trademark Trial and Appeal Board, 15 U.S.C. § 1071(a), the Federal Circuit may be perceived as having particular expertise in Lanham Act cases. If its decision in the instant case were followed by other courts, substantial damage would be done to the appropriate protectibility of trade dress.

C. In Substituting Its Own Factfinding for the Trial Court's Finding of Likelihood of Confusion, the Federal Circuit Contravened the Stated Intent of the Lanham Act to Protect Consumers From Deception.

In some cases the presence of the defendant's name or logo on putatively infringing trade dress will avoid likelihood of confusion; in other cases, it will not. Whether it does or does not is a question of fact, and can be answered only by the trier of the fact. Here, the Federal Circuit usurped the role of the

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[5] While in the instant case the Federal Circuit purported to follow Eighth Circuit law, its decision fails to do so. For example, in the Eighth Circuit, "intent on the part of the alleged infringer to pass off its goods as the product of another raises an inference of likelihood of confusion" (*SquirtCo.*, 628 F.2d at 1091). In the instant case, however, the Federal Circuit gave no weight to the district court's finding that the defendants acted with "deliberate intent to imitate and infringe."

district court by holding, without any record support, that the mere presence of the respondent's logo negated the likelihood of confusion that the district court had found as a fact to exist.[6]

As Judge Mayer noted in dissent:

> I see no clear error in the [trial] court's finding that there is a likelihood of confusion . . . . This court's contrary conclusion on likelihood of confusion is reached by impermissibly reweighing the evidence that was before the trial court. This is not only beyond its competence but intrudes on the fact finding rules of the district court and encourages litigants to ignore the outcome of the trial and retry the case on appeal. Sometimes, like here, it works.

___ F.3d at ___, 32 USPQ2d at 1236.

The stated intent of the Lanham Act includes protection of consumers against being defrauded or deceived. 15 U.S.C. § 1127. If the Federal Circuit decision is permitted to stand, it will encourage the practice of greater fraud and deception

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[6] The Federal Circuit also engaged in such impermissible fact finding in a previous trade dress case. In *L.A. Gear Inc.* v. *Thom McAn Shoe Co.*, 988 F.2d 1117 (Fed. Cir. 1993), *cert. denied*, 114 S.Ct. 291, 126 L.Ed.2d 240 (1993), the district court had found that confusion was likely notwithstanding the prominent placement of the defendant's name on shoes whose trade dress was otherwise confusingly similar. The Federal Circuit reversed that finding by substituting its own unsupported view of the effect of such placement for that found below: "We agree with Appellants that purchasers of fashion athletic shoes are likely to be well aware of the sources of such shoes, when such sources are conspicuously marked by both copier and originator." 988 F.2d at 1134.

Dissenting in *L.A. Gear* (as he did on the same issue in the instant case), Judge Mayer specifically noted that the district court's findings were not clearly erroneous and that the majority had substituted its "hunch" for the district court's judgment. This is an impermissible intrusion on the fact finding role of the district court and a violation of the proper role of an appellate court." 988 F.2d at 1135.

in the form of more confusingly similar trade dress —albeit accompanied by the infringer's name or logo.

The Federal Circuit's impermissible fact finding extended even beyond the dispositive weight it gave to the presence of the respondent's logo. The district court had found the existence of actual confusion based on the testimony of a witness who purchased the respondent's product. She thought it to have originated with petitioner because she assumed that national brand manufacturers "secretly" market private brands.

The Federal Circuit rejected her testimony because it was based upon what the Federal Circuit considered to be an erroneous assumption. Not only did the Federal Circuit have no evidence in the record that her assumption was erroneous, but also it is well known that many national brand manufacturers have followed the practice of manufacturing private label versions of their products. For example, in *Fremont Co.* v. *ITT Continental Baking Co., Inc.*, 199 USPQ 415, 420 (S.D.N.Y. 1977), the court found:

> Furthermore, there is a practice in the food industry for manufacturers sometimes to manufacture and offer the same product for sale under a secondary brand name in packaging which is similar to the packaging used for the manufacturer's primary brand. *There is also a practice in the food industry on the part of some manufacturers to manufacture products for sale by another under a private label in packaging which is similar or substantially identical to the manufacturer's packaging for the same product.* Thus, the confusing similarity between plaintiffs' packages and defendant's packages may also be likely to confuse customers and potential customers into believing that plaintiffs' products are either a secondary brand or a private label manufactured by defendant. In either case, there is a likelihood of confusion as to source. (emphasis added)

Although the witness' testimony may not have been sufficient to support a finding of actual confusion for the purpose of entitling petitioner to monetary relief, it was relevant evidence on the issue of likelihood of confusion that the Federal Circuit should not have ignored.[7]

CONCLUSION

For the foregoing reasons, the Court should grant the Petition for a Writ of Certiorari.

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[7] Under Eighth Circuit precedent, a trial court's determination on likelihood of confusion is a question of fact that may be reversed on appeal only if clearly erroneous. *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 398 (9th Cir. 1987), *cert. denied*, 488 U.S. 933 (1988).

(1) MOTION FILED

No. 94-1437

MAR 29 1995

IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

CONOPCO, INC. D/B/A CHESEBROUGH-POND'S USA CO.,

Petitioner,

—v.—

MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY, and KESSLER CONTAINERS, LTD.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

MOTION FOR LEAVE TO FILE BRIEF *AMICUS CURIAE* AND BRIEF *AMICUS CURIAE* IN SUPPORT OF PETITIONER

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No. 94-1437

Supreme Court of the United States

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PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

MOTION FOR LEAVE TO FILE BRIEF *AMICUS CURIAE* IN SUPPORT OF PETITIONER

Pursuant to Supreme Court Rule 37.2, SmithKline Beecham Corporation[1] ("SmithKline") hereby respectfully moves for leave to file the attached brief *amicus curiae* in support of the Petition for a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit")

[1] The parent company of *amicus curiae* SmithKline Beecham Corporation is SmithKline Beecham PLC. All of SmithKline Beecham Corporation's subsidiaries are wholly owned.

filed by Petitioner in this case. Petitioner has consented, and the original letter from Petitioner's counsel evidencing such consent has been filed with the Clerk of this Court. Respondents refused to give their consent, in telephone conversations between the undersigned and the respective counsel for respondents on March 27, 1995, thereby necessitating this motion.

As a leading pharmaceutical and consumer healthcare product company, SmithKline has a long-standing interest in preventing intentional copying of its famous trademarks and trade dress for the purpose of trading off of the favorable and well-known quality and reputation of SmithKline and its products. SmithKline's ability to control its reputation and to prevent confusion among consumers is dependent upon SmithKline's ability to enjoin attempts by competitors to purposely simulate SmithKline's trademarks and trade dress in order to sell their products.

In this case, the Federal Circuit has created an exception to the traditional rule of law that intentional copying of trademarks or trade dress which is likely to result in consumer confusion constitutes infringement. The Federal Circuit's decision exempts private label manufacturers from this rule and will allow them to intentionally copy SmithKline's trademarks and trade dress without liability for infringement.

The exception created by the Federal Circuit has no basis in either the Lanham Act, 15 U.S.C. §§ 1051 *et seq.* or the case law. The statute specifies that it is actionable for "*any person*" to use a reproduction, counterfeit, copy or colorable imitation of a registered mark, or a word, term, symbol or device, or a false designation of origin that is likely to cause confusion or mistake, or to deceive. The statute embodies the principle that trademarks are the essence of competition which must be protected, regardless of the status of the party that commits the infringement.

The Federal Circuit's decision is in conflict with the courts that have specifically considered the policy of making a house brand or private label product resemble the national brand and have found such a policy to be inherently unfair and contrary to the purpose of the Lanham Act.

Finally, the Federal Circuit's decision condones the respondents' strategy of intentionally copying the trade dress of the petitioner for the purpose of indicating to consumers that respondents' product is a comparable, lower-priced alternative to petitioner's product. In so doing, the Federal Circuit is in conflict with this Court's prior holding that inducing a consumer to purchase an arguably good product, instead of the product of the consumer's preference, by misappropriating another's trademark is impermissible.

This brief *amicus curiae*, for which SmithKline is requesting permission to file, will address the Federal Circuit's departure from the statute and case law, including prior holdings of this Court.

For the foregoing reasons, SmithKline respectfully moves for leave to file the attached brief *amicus curiae*.

Respectfully submitted,

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SmithKline Beecham Corporation ("SmithKline") respectfully submits this brief *amicus curiae* in support of the Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit filed by Petitioner, Conopco, Inc. d/b/a Chesebrough-Pond's USA Co. SmithKline joins Petitioner in seeking a review of the judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") in *Conopco, Inc. v. May Department Stores Company*, ___ F.3d ___, 32 U.S.P.Q.2d 1225 (Fed. Cir. 1994).

INTEREST OF THE *AMICUS CURIAE*

SmithKline is one of the world's leading pharmaceutical and consumer healthcare product companies. The company is engaged in the development, manufacture and sale of a wide array of prescription and over-the-counter healthcare products. Among SmithKline's well-known products are CONTAC allergy and sinus medicine, TUMS antacid, SUCRETS sore-throat remedies and GERITOL iron and mineral supplement. SmithKline spends tremendous amounts of time and money annually to develop and promote the distinctive trademarks and trade dress of its products, resulting in an extremely valuable goodwill and reputation that are relied upon by consumers in making purchasing decisions.

As would be expected, the participants in the consumer healthcare products industry compete intensely to win consumer purchasing decisions. SmithKline accepts and expects that it will be confronted with aggressive tactics from its competitors; however, the Federal Circuit's decision grants certain of SmithKline's competitors — private label manufacturers — a license to compete outside the traditional bounds of legitimate competition. The Federal Circuit's decision will allow private label manufacturers to intentionally copy the trade dress of the packaging for SmithKline's products.

SmithKline undertakes extensive advertising and promotional efforts to ensure that the distinctive and unique trademarks and

trade dress of its products are instantly recognizable in the marketplace and that consumers can be confident about the source and quality of these products. SmithKline has actively tried to stop the unfair practice of many private label companies of copying its valuable trademarks and trade dress by developing a unique trade dress for each of its products and by policing the marketplace. The private label competitor practice of copying the trade dress of SmithKline's famous products constitutes theft of valuable intellectual property rights. Such predatory behavior by private label manufacturers unfairly trades upon the goodwill of SmithKline's famous brands to the ultimate detriment of the consumer.

SmithKline has in the past been able to ward off unfair competition with the well established jurisprudence that intentional copying which is likely to cause consumer confusion constitutes trademark or trade dress infringement. The Federal Circuit's decision has now created an exception for private label manufacturers, pursuant to which they may copy SmithKline's product trade dress and trademarks at will. The implication of this decision for SmithKline — and the basis of SmithKline's interest in this case — is an inability to stop blatant and intentional infringements of its intellectual property rights by private label companies.

REASONS FOR GRANTING THE PETITION

I. THE EXCEPTION CREATED BY THE FEDERAL CIRCUIT FOR PRIVATE LABEL MANUFACTURERS IS NOT SUPPORTED BY THE STATUTE OR THE CASE LAW

By its terms, the Lanham Act excepts no class of defendants from liability for trademark or trade dress infringement. Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1) provides in pertinent part that "*any person*" who uses a reproduction, counterfeit, copy or colorable imitation of a registered mark which is likely to cause confusion or mistake or to deceive "*shall be liable in a civil action*" by the registrant.

Likewise, Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), indicates that "*any person*" who uses a word, term, name, symbol or device, or any false designation of origin which is likely to cause confusion or mistake or to deceive "*shall be liable in a civil action.*"

The statute explicitly sets forth, in Section 45, 15 U.S.C. § 1127, that "[t]he intent of this Act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce . . . [and] to protect persons engaged in such commerce against unfair competition." There is no qualification of the rights and remedies afforded by the Lanham Act and no exemptions based on the kind of entity that a defendant may be.

This is due to the early recognition by Congress of the purposes of providing trademark protection:

> Trademarks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other. Trademarks

> encourage the maintenance of quality by securing to the producer the benefit of the good reputation which excellence creates. To protect trademarks, therefore, is to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not.

S. Rep. No. 1333, 79th Cong., 2d Sess. 1275 (1946). These fundamental purposes leave no room for exception of certain competitors merely because of their business status, *i.e.*, private label manufacturers.

Courts have specifically rejected any such exception. For example, in *The Kroger Company v. Johnson & Johnson*, 570 F.Supp. 1055 (S.D. Ohio 1983), the court cited plaintiffs' "policy of making a house brand resemble a national brand, by both color and the shape of the package" (the same policy applied by the respondents and endorsed by the Federal Circuit) and found

> There is something inherently unfair in the effort by plaintiffs to avail themselves of the name and goodwill of TYLENOL. Defendants have expended millions of dollars in advertising their product to the American public. To permit a bystander who has spent a minimum of time, money, and effort in developing its product to profit by marketing the identical commodity with a similar name and packaging is contrary to the stated Congressional purpose of the Lanham Act.

Id. at 1060.

The statute and the case law follow the long recognized principle that there are unlimited choices of trademarks and trade dress which can be adopted by those who wish to compete fairly:

> It is so easy for the honest business man, who wishes to sell his goods *upon their merits*, to select from the entire material universe which is before him, symbols, marks, and coverings which by no possibility can cause confusion between his goods and those of competitors, that the courts look with suspicion upon one who, in dressing his goods for the market, approaches so near to his successful rival that the public may fail to distinguish between them.

Florence Mfg. Co. v. J. C. Dowd & Co., 178 F. 73 (2d Cir. 1910) (emphasis added). There is no logical reason why this suspicion should be any less when the defendant is a private label manufacturer.

The Federal Circuit's decision to create an exception to liability for infringement by an intentional copier, simply because it is a private label manufacturer, is contrary to the statute and the case law and should be reviewed by this Court.

II. THE SUPREME COURT HAS EXPRESSED DISFAVOR OF THE IMITATION OF PRODUCT PACKAGING IN ORDER TO CHANGE CONSUMER PREFERENCES

National brand manufacturers such as SmithKline rely heavily on trademarks and trade dress in the marketing of their consumer products. Trademarks foster competition between products on the merits, because the trademark identifies the source of the products and represents the reputation of the trademark owner and the other intangible desirable qualities of the product. National brand manufacturers, accordingly, engage in extensive advertising and promotion of their trademarks and products to create consumer demand for and acceptance of the products.

By contrast, private label products are specifically designed to be lower-priced alternatives to national or full-branded products.

Without the benefit of the advertising, promotion and cultivated reputation of national brands, it is the task of the private label manufacturer to convince the consumer that the private label product is of comparable quality to the national brand of the consumer's preference, to entice the consumer to try its private label product instead of the national brand of the consumer's preference, and, as a result, to change the consumer's preference. However, the Supreme Court has indicated that creating consumer interest by adopting the trade dress of the national brand and thereby conveying the reputation and the cachet of the national brand would not be an acceptable means of accomplishing this task.

This Court has stated that, in cases in which a seller induces the public to purchase an arguably good product by misappropriating another's trademark, he or she impermissibly deceives consumers:

> [T]he seller has used a misrepresentation to break down what he regards to be an annoying or irrational habit of the buying public — the preference for particular manufacturers or known brands regardless of a product's actual qualities . . . [T]he seller reasons that when the habit is broken the buyer will be satisfied with the performance of the product he receives. Yet, a misrepresentation has been used to break the habit and . . . a misrepresentation for such an end is not permitted.

Federal Trade Commission v. Colgate-Palmolive Co., 380 U.S. 374, 388-89 (1965).

Subsequent decisions of other courts have concurred that a substantially similar trademark cannot be used to attract consumer interest. *See, e.g., Mobil Oil Corporation v. Pegasus Petroleum Corporation*, 818 F.2d 254 (2d Cir. 1987) (finding infringement based on confusion that creates initial consumer interest); *G.D.*

Searle & Company v. MDX Purity Pharmacies, Inc., 275 F.Supp. 524, 529 (C.D. Cal. 1967) (in finding infringement by defendant private label marketer, the court relied on the fact that "Daylin adopted the name of MUCILIN for its product because it was similar to METAMUCIL and for the purpose of attracting the attention of the buying public to same ... because [METAMUCIL] was the leader in the field, was known for its excellence and Daylin hoped that customers would be attracted by the name MUCILIN and might well purchase it instead of METAMUCIL by reason of its similarity in content and economy in price").

The Federal Court's decision allows private label manufacturers to willfully utilize the identifying trade dress of national brands to foster initial consumer interest in their private label products rather than selling their products on the merits, which is contrary to this Court's prior holdings. Thus, the decision raises an important question of federal law which should be settled by the Court.

CONCLUSION

For the reasons set forth above, a Writ of Certiorari should issue to review the judgment and opinion of the Federal Circuit in *Conopco, Inc. v. May Department Stores Company*, ___ F.3d ___, 32 U.S.P.Q.2d 1225 (Fed. Cir. 1994).

Respectfully submitted,

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(8)

MOTION FILED

MAR 29 1995

No. 94-1437

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Petitioner,

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Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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MOTION FOR LEAVE TO FILE BRIEF AND BRIEF OF GERSTMAN + MEYERS, INC. AND WALLACE CHURCH ASSOCIATES, INC. AS AMICUS CURIAE IN SUPPORT OF PETITIONER

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18 pp

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Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO
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FOR THE FEDERAL CIRCUIT

MOTION FOR LEAVE TO FILE BRIEF OF GERSTMAN + MEYERS, INC. AND WALLACE CHURCH ASSOCIATES, INC. AS AMICUS CURIAE IN SUPPORT OF PETITIONER

Pursuant to Supreme Court Rule 37.2, Gerstman + Meyers, Inc. ("Gerstman + Meyers") and Wallace Church Associates, Inc. ("Wallace Church")[1] hereby respectfully move for leave to file the attached brief *amicus curiae* in support of the Petition for a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") filed by Petitioner in this case. Petitioner has consented, and the original letter from Petitioner's counsel evidencing such consent has been filed with the Clerk of this Court. Respondents refused to give their consent, in telephone conversations between the undersigned and the respective counsel for Respondents on March 27, 1995, thereby necessitating this motion.

As two companies which provide consulting services with respect to package designs for national brands, Gerstman + Meyers and Wallace Church have a long-standing interest in preventing intentional copying of trademarks and trade dress for the purpose of free riding on the unique package designs they create. Gerstman + Meyers' and Wallace Church's business purpose is dependent on their customers' ability to prevent the purposeful simulation of trademarks and trade dress by competitors.

In this case, the Federal Circuit has created an exception to the traditional legal presumption that intentional copying of trademarks and trade dress is likely to result in consumer confusion. To the extent that protection of trade dress is diminished, manufacturers will be discouraged from investing in the development of such distinctive designs and

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[1] Pursuant to Supreme Court Rule 29.1, *Amici* provide the following corporate information. *Amicus* Gerstman + Meyers is a privately held corporation, which has no parents, and one affiliate, GDN Limited. *Amicus* Wallace Church is a privately held corporation which has no parents or affiliates.

consumers will thus be impeded from making efficient choices.

This brief *amicus curiae*, for which Gerstman + Meyers and Wallace Church are requesting permission to file, addresses serious and detrimental consequences of the Federal Circuit's departure from the law in other Circuits and from the policies of the Lanham Act as enumerated by this Court as recently as March 28, 1995. *See Qualitex Co. v. Jacobson Products Co., Inc.*, ___ U.S. ___, 1995 WL 128239 at *3 (March 28, 1995).

For the foregoing reasons, Gerstman + Meyers and Wallace Church respectfully moves for leave to file the attached brief *amicus curiae.*

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BRIEF OF GERSTMAN + MEYERS, INC. AND WALLACE CHURCH ASSOCIATES, INC. AS AMICUS CURIAE IN SUPPORT OF PETITIONER

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Lanham Act, 15 U.S.C. § 1051, *et. seq.* .....*passim*

Gerstman + Meyers Inc. ("Gerstman + Meyers") and Wallace Church Associates Inc. ("Wallace Church") respectfully submit this Brief *Amicus Curiae* in support of the Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit ("Petition for Writ of Certiorari") filed by Petitioner, Conopco, Inc. d/b/a/ Chesebrough-Pond's USA Co. ("Chesebrough"). Gerstman + Meyers and Wallace Church join Petitioner in seeking a review of the Judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") in *Conopco, Inc. d/b/a/ Chesebrough-Pond's USA Co. v. May Department Stores et al.*, ___ F.3d ___, 32 U.S.P.Q. 2d 1225 (Fed. Cir. 1994).

INTEREST OF THE *AMICI CURIAE*

The *amici curiae* provide consulting services with respect to package designs for both national brands and private labels, with the object of distinguishing their clients' products from competing products and facilitating the purchasing decisions of consumers who prefer those products. Once a distinctive package design is created for a consumer product, it usually becomes a centerpiece of the product's advertising and promotion and symbolizes the product's goodwill. Just as people recognize one another by appearance, the consumer recognizes a product, not just by its brand name, but by the appearance of the product's packaging. As this Court recognized in *Qualitex Co. v. Jacobson Products Co., Inc.*, ___ U.S. ___, 1995 WL 128239 at *2 (March 28, 1995): "customers may come to treat a particular color on a product or its packaging . . . as signifying a brand."

Amicus Gerstman + Meyers' services include the development and execution of brand identity and package design for a broad range of industries, including food,

pharmaceuticals, health and beauty aids and others. Its national brand clients include Procter & Gamble, Heinz, Ralston-Purina, Bayer AG, Merck and Playtex. Gerstman + Meyers also represents numerous private labels in developing unique identities and package designs for their products.

Amicus Wallace Church is a brand imagery and package design consulting firm. It develops unique brand and private label designs and redesigns for food, personal care, home products, over-the-counter drugs, sporting goods and many other consumer products. Its clients include Kraft Foods, Nabisco, Gillette, Unilever, Johnson & Johnson and Nestle.

Amici have an interest in this case because the decision of the Federal Circuit undermines one of the principal reasons for their existence -- the creation of unique, one-of-a-kind product images and packages. Distinct product designs only have value to the extent that the designs can be protected. Without the presumption or inference of the likelihood of confusion that flows from intentional copying of distinctive product designs, those designs will enjoy little protection and free-riding will flourish.

REASONS FOR GRANTING THE PETITION

I. THE FEDERAL CIRCUIT'S DEPARTURE FROM PRIOR LANHAM ACT DECISIONS CREATES A GRAVE DILEMMA FOR BRAND NAME PRODUCT MANUFACTURERS WHO HAVE MADE A SUBSTANTIAL INVESTMENT IN DISTINCTIVE PACKAGING.

The Federal Circuit's decision that the likelihood of confusion cannot be presumed or inferred from intentional

copying by private label manufacturers is a departure from prior Lanham Act decisions which will result in a serious dilemma for manufacturers of national brands or private labels. Like Chesebrough, many other manufacturers of brand name products have made substantial investments in distinct package designs. Such investments have been motivated by a desire to create consumer recognition of their brands and to prevent consumer confusion. This is particularly important in light of the explosive growth of "copycat" private labels. In 1993, private label manufacturers accounted for approximately $30 billion in sales. *Consumers Head Toward Store Brands*, Phoenix Gazette, May 4, 1994 at C1. The success of private labels should be based on their quality and price, not upon consumer confusion and deception.

The presumption or inference of the likelihood of confusion that flows from intentional copying is important to manufacturers of brand name products because, as the Federal Circuit recognized in its decision, it is often very difficult to obtain direct evidence of customer confusion. (App. A, 10a-11a). In such situations, "the need for presumptions in aid of fact-finding is readily apparent." IIA Areeda & Hovenkamp, *Antitrust Law* ¶ 320a (1995) (addressing the importance of presumptions generally). As Areeda and Hovenkamp recognize, presumptions are particularly important "to cope with an uncertain and untidy reality" and "to guide private behavior." *Id.* "Indeed, we would be immobilized in our everyday lives without presumptions...." *Id.*

Both manufacturers of popular brand names and certain private labels have relied on the expectation of traditional trademark protections in investing millions of dollars in distinctive package designs. The Federal Circuit's unprecedented "private label" exception threatens to

"immobilize" decisions regarding package design in an increasingly important segment of the national economy. Thus, while an investment made in distinctive packaging is likely to be worthwhile in the Second Circuit (where intentional copying creates a presumption of likelihood of confusion), the investment will be wasted, and perhaps even counter-productive, in those circuits that follow the Federal Circuit's lead. In today's national market, it is impractical for a manufacturer to have one product design in one circuit and a different product design in another circuit.

II. THE FEDERAL CIRCUIT'S EVISCERATION OF THE PRESUMPTION OF LIKELIHOOD OF CONFUSION WITH RESPECT TO PRIVATE LABEL PRODUCTS UNDERMINES AN IMPORTANT NATIONAL POLICY.

The Federal Circuit's rejection of the critical presumption of likelihood of confusion imposed by numerous Lanham Act cases is inconsistent with the policy of this Court expressed most recently in *Qualitex Co. v. Jacobson Products Co., Inc., supra* -- to "'encourage[] the production of quality products,' and simultaneously discourage[] those who hope to sell inferior products by capitalizing on a consumer's inability quickly to evaluate the quality of an item offered for sale." *Id.* at * 3 (citations omitted).

Earlier in *Two Pesos, Inc. v. Taco Cabana, Inc.*, ___ U.S. ___, 112 S. Ct. 2753, 120 L.Ed.3d 625 (1992), the Court held that the Lanham Act should not be construed to "hinder improving or maintaining the . . . producer's competitive position." *Two Pesos,* 112 S.Ct. at 2760. Indeed, in *Two Pesos* the Court stressed the need for a

uniform national trademark policy -- a policy that would preclude a special exception for private labels:

> Protection of trade dress, no less than of trademarks, serves the Acts purpose to "secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation." *Park' N Fly*[, *Inc. v. Dollar Park and Fly, Inc.*], 469 U.S. [189,] 198, 105 S.Ct. [658,] 663[, 83 L.Ed.2d 582 (1985)], citing S.Rep. No. 1333, 79th Cong., 2d Sess., 3-5 (1946) (citations omitted).

Id.

The presumption of the likelihood of confusion based on private label manufacturers' intent is appropriate where the private label manufacturer copies his competitor's trade dress, but claims that he does so merely for the purpose of comparison. In such circumstance, it is appropriate to shift the burden of proof to the imitator, who must then prove that it has dispelled any likelihood of confusion. See *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987); *Academy of Motion Picture Arts & Sciences v. Creative House Promotions, Inc.*, 944 F.2d 1449 (9th Cir. 1991); *Ferrari s.p.a. Esercizio Fabriche Automobili E Corse v. Roberts*, 944 F.2d 1235 (6th Cir. 1991), *cert. denied*, __ U.S. __, 112 S.Ct. 3028, 120 L.Ed.2d 899 (1992); *Bauer Lamp Co. v. Shaffer*, 941 F.2d 1165 (11th Cir. 1991).

III. A SPECIAL IMMUNITY FOR PRIVATE BRANDS TO LOOK LIKE NATIONAL BRANDS IS NOT NEEDED TO PROMOTE COMPETITION.

The Federal Circuit has created an exception for private label marketing from the general rule that presumes a likelihood of confusion from intentional copying. The rational of this exception is that court's mistaken assumption that private brands and national brands must look alike in order to compete. As the court describes that process (App. A, 15a):

> The retailer packages its product in a manner to make it clear to the consumer that the product is similar to the national brand, and is intended for the same purpose.

But it is not necessary to deprive national marketers of traditional trademark protections in order to allow private brands to compete. Not all private label manufacturers engage in "copycat" designing. To the contrary, *amici* have assisted numerous private label manufacturers in creating unique product images and distinct packaging which have been successful in advancing the private label products in the market. Ironically, the very protection the Federal Circuit believed was necessary for the private label industry can harm many private label manufacturers, including *amici*'s private label clients, who have invested in distinct product images.

While consumers undoubtedly have benefited from low-priced private labels, consumers are not benefited when they buy a product thinking it is manufactured or licensed by

the national brand company when it is not. Moreover, consumers benefit from distinctive trade dress because it allows them to reliably associate the trade dress with the quality and other attributes of a particular product and to make efficient choices. As this Court recognized in *Qualitex, supra:*

> trademark law, by preventing others from copying a source-identifying mark, "reduce(s) the customer's costs of shopping and making purchasing decisions," (citation omitted), for it quickly and easily assures a potential customer that this item -- the item with this mark -- is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.

1995 WL 128239 at *3 (citations omitted). A purpose of the trademark laws is to reward quality and innovation, not to encourage copying.

IV. THE CONFLICT BETWEEN THE SECOND CIRCUIT AND THE FEDERAL CIRCUIT IN CASES INVOLVING THE SAME MATTER CREATES UNCERTAINTY IN THE APPLICATION OF FEDERAL TRADEMARK LAW.

To demonstrate the serious nature of the conflict created by the Federal Circuit, the Court need only look at how the Federal and Second Circuit Courts treated the evidence of intentional copying adduced by the national

brand companies at trial. *Compare Oral-B Labs., Inc. v. Mi-Lor Corp.*, 810 F.2d 20 (2d Cir. 1978) with *Conopco Inc. v. May Department Stores Company*, ___ F.3d ___, 32 U.S.P.Q.2d 1225 (Fed. Cir. 1994). In both cases, the district courts concluded that the defendants had intentionally copies the national brands' packaging. Specifically, in *Oral-B Labs, Inc.*, the president of the defendant private label company testified that his company adopted the color combinations and the location of color elements "to catch the eye of a potential Oral-B customer." *Id.* at 23.

On appeal, the Second Circuit concluded the defendant desired to stay as close to the Oral-B packaging as it thought it could. *Id.* In an attempt to defend against Oral-B's claims, Mi-Lor pointed to subtle distinctions in its packaging. These arguments were rejected by both the district court and the Second Circuit, since the test for likely consumer confusion depends on whether the products create the same general impression and not whether the packaging contains minor differences. *Id.* at 24. The district court granted injunctive relief, which was later modified to include an absolute prohibition on the use of the Oral-B trademark on the defendant's packaging. The Second Circuit affirmed. *Id.* at 25.

In the present case, the United States District Court for the Eastern District of Missouri found that defendants took a calculated business risk to copy and imitate the entire commercial impression of the Vaseline® Intensive Care® Lotion trade dress. *Id.* at 666. Specifically, in findings undisturbed by the Federal Circuit, the district court found:

- The president of the manufacturer of the Venture's Skin Care Lotion obtained a photograph of the revised Vaseline® Intensive Care® Lotion packaging

six (6) months before Chesebrough first shipped the revised product. 784 F. Supp. at 659.

- The individual who designed the bottle for the Venture packaging was instructed by the president of his company to make the revised skin care packaging as close as possible to the Vaseline® Intensive Care® Lotion packaging. *Id.*

- The designer used photographs of the revised Vaseline® Intensive Care® Lotion packaging when he designed the bottle used for the Venture product. *Id.* at 660.

- The overall appearance of the parties' products is substantially identical. *Id.* at 665.

Without determining these findings were clearly erroneous, the Federal Circuit, in a 2-1 opinion, overturned the district court's finding of trade dress and trademark infringement.[1] According to the majority, the evidence proffered by Chesebrough demonstrated that Venture and other retailers compete by offering look-alike products, but it does not establish a likelihood of confusion among consumers. *Conopco, supra.*

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[1] Circuit Judge Mayer noted in his dissenting opinion that this is beyond the competence of the Circuit Court, that it intrudes on the fact finding role of the district court, and that it encourages litigants to ignore the outcome of the trial and retry the case on appeal. (App. A, 27a). *See also Qualitex, supra*, 1995 WL 128239 at * 4 (deferring to district court findings on color as trademark absent determination by Ninth Circuit of clear error).

CONCLUSION

Due to the severity of this conflict and the important issues regarding the Lanham Act, national trade and consumers' rights, this Court should review the judgment of the Federal Circuit.

Respectfully submitted,

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No. 94-1437

Supreme Court, U.S.
FILED
APR 6 1995
OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

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Petitioner,

v.

MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC.,
THE BENJAMIN ANSEHL COMPANY, and KESSLER CONTAINERS, LTD.,
Respondents.

On Petition for a Writ of Certiorari to the
United States Court of Appeals for the Federal Circuit

OBJECTION OF RESPONDENTS THE BENJAMIN ANSEHL COMPANY AND KESSLER CONTAINERS, LTD. TO THE MOTIONS FOR LEAVE TO FILE BRIEF *AMICUS CURIAE*

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On Petition for a Writ of Certiorari to the
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OBJECTION OF RESPONDENTS THE BENJAMIN ANSEHL COMPANY AND KESSLER CONTAINERS, LTD. TO THE MOTIONS FOR LEAVE TO FILE BRIEF *AMICUS CURIAE*

Respondents The Benjamin Ansehl Company ("Ansehl") and Kessler Containers, Ltd. ("Kessler") respectfully request that this Court deny the Motions for Leave to File Brief *Amicus Curiae* in this matter. Five would-be friends of the Court, including three disappointed litigants who, like Conopco, Inc. ("Conopco"), failed to prove a likelihood of confusion as trade

dress plaintiffs[1], urge this Court to grant certiorari by conjuring up vague images of legal conflicts between the Federal Circuit's decision in this case and other decisions. None of their motions has merit or bears close scrutiny.

Ansehl and Kessler have withheld consent because the proposed Amici cannot and have not set forth any facts or questions of law which have not been adequately presented by the parties. Rather, these national brand manufacturers lend their support to Conopco, hoping the Court will be persuaded by their interest rather than by the merits of the Petition. Neither their repetition of Conopco's frivolous arguments nor their mischaracterization of the Federal Circuit's decision can create a conflict where none exists.

The proposed Amici seek review of this case to change established law requiring proof of likelihood of confusion in trade dress cases. The proposed Amici ask this Court to eliminate the need for proof of a likelihood of confusion and substitute

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[1] Bristol-Myers Squibb ("Bristol-Myers"), American Home Products Corporation and Nabisco, Inc. ("American Home Products") and SmithKline Beecham ("SmithKline") are each former unsuccessful plaintiffs in Lanham Act cases for the same reason as Conopco, i.e. they failed to establish a likelihood of confusion at trial. *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1044-45 (2d Cir. 1992) (no likelihood of confusion between Bristol-Myers Squibb's "Excedrin PM" and "Tylenol PM"); *American Home Products Corp. v. Barr Laboratories, Inc.*, 656 F. Supp. 1058, 1067, 1070-71 (D.N.J. 1987), *aff'd*, 834 F.2d 368 (3d Cir. 1987) (no likelihood of confusion between American Home Products' "Advil" and the defendant's product despite intentional copying); *SmithKline Beckman Corp. v. Proctor & Gamble Co.*, 591 F. Supp. 1229, 1243 (D.N.Y. 1984), *aff'd*, 755 F.2d 914 (2d Cir. 1985) (no likelihood of confusion between SmithKline Beckman's "Ecotrin" trademark and the defendant's product considering the absence of actual confusion and the presence of the defendant's name and logo on its boxes). None thought their losses worthy of review by this Court at the time. No change in circumstances or the state of the law makes the "likelihood of confusion" issue worthy of review now.

proof of intentional copying. Intent has never been an element of trade dress infringement. Likelihood of confusion has always been an express requirement.

The proposed Amici rail at the Federal Circuit's decision saying that it authorizes retailers "to slavishly copy [national brand] trade dress." Bristol-Myers' Motion for Leave to File Brief at ii. As recently as its decision in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), this Court has recognized a defendant's right "to copy plaintiff's goods slavishly down to the minutest detail." *Id.* at 157. The only limitation on defendant's right to copy is the prohibition against *copying which tends to confuse.*

The proposed Amici add nothing of substance or relevance to this Court's consideration of Conopco's Petition. This Court should deny their Motions and Conopco's Petition. The Federal Circuit correctly recognized the law and the evidence which the District Court failed to consider. There is no conflict between the Circuits. The prominence of the Venture logo and the absence of confusion despite a long history of side-by-side competition should have been considered by the trial court. The trial court completely ignored salient evidence and Eighth Circuit law. Its finding of likelihood of confusion was clearly erroneous.

A. This Court should deny the Motions for Leave to File Brief *Amicus Curiae* because they offer no facts or questions of law which Conopco's Petition has not addressed.

Gerstman+Meyers, Inc., Wallace Church Associates, Inc. ("Gerstman+Meyers") and SmithKline add nothing new to this Court's consideration of the Petition. Content to rehash Conopco's arguments, they fail to offer any "facts or questions of law that have not been . . . presented by the parties" as required by Supreme Court Rule 37.4. Indeed, these proposed Amici make no attempt whatsoever to add substance to the Court's consider-

ation of the issues. This Court should deny their Motions since they rely only on the same mischaracterization of the Federal Circuit's decision and contrived "conflict" with the Second Circuit as Conopco.

B. There is no conflict between the Federal Circuit's decision and the decision of this Court in *Two Pesos*.

To attract this Court's attention, Bristol-Myers, American Home Products and the International Trademark Association ("INTA") suggest that the Federal Circuit's decision is somehow at odds with the decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*, ___ U.S. ___, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992), *reh'g denied*, ___ U.S. ___, 112 S.Ct. 20 (1992) ("*Two Pesos*"). Respondents Ansehl and Kessler address each of their arguments separately as follows:

1. Bristol-Myers says that the Federal Circuit's decision ignores *Two Pesos* and "the critical importance trade dress plays in the selection of goods by consumers." Bristol-Myers' Motion for Leave to File Brief at ii. It never identifies any *holding* of the Federal Circuit that conflicts with the *Two Pesos* decision. It never identifies any *statement* of the Federal Circuit that conflicts with *Two Pesos*. It never says why *Two Pesos* is even relevant to consideration of the issues before the Federal Circuit.

Ansehl and Kessler agree with the general proposition for which *Two Pesos* is cited by Bristol-Myers, i.e. that trade dress is entitled to the same protection as trademarks under the Lanham Act. However, Bristol-Myers makes no attempt to demonstrate to this Court that the Federal Circuit's decision affords trade dress any less protection than trademarks.

In fact, there was no reason for the Federal Circuit to discuss or consider this Court's decision in *Two Pesos*. *Two Pesos* did not remotely address the standards for a finding of "likelihood of confusion" in trade dress cases. On the contrary, *Two Pesos* held

that a trade dress plaintiff could prove infringement by showing its trade dress was "inherently distinctive" without showing that it had acquired "secondary meaning." Clearly, there is no conflict between the *holdings* of the Federal Circuit and *Two Pesos*.

2. American Home Products also cites *Two Pesos* for the proposition that the Lanham Act protects trademarks and trade dress equally. American Home Products' Brief at 3-4. It also fails to say how the Federal Circuit's decision in any way treats trade dress differently than trademarks. Instead, it lists string citations for the proposition that courts have found a likelihood of confusion even though the defendant's trademark appeared somewhere on its product. American Home Products' Brief at 5 n.5.[2]

This argument misses the point. The Federal Circuit did not create a rule in this case that the presence of the defendant's trademark negates likelihood of confusion as a matter of law. Each such case must be decided on its facts. None of the factual circumstances of the cases cited by American Home Products resembles the factual context of this case. Nor did the Courts even decide the same issues. Indeed, American Home Products never really explains how the authorities upon which it relies are even marginally relevant to the issues before this Court.

3. INTA makes no pretense at identifying a real conflict between the Federal Circuit and the *Two Pesos* holdings but

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[2] In three of the cases American Home Products lists, the court found evidence of actual confusion. *AmBrit Inc. v. Kraft, Inc.*, 805 F.2d 974 (11th Cir. 1986), re-reported, 812 F.2d 1531, 1544 (11th Cir. 1986), *cert. denied*, 481 U.S. 1041 (1987) (consumer testimony and survey evidence supported a finding of actual confusion); *Kraft General Foods, Inc. v. Friendship Dairies, Inc.*, 19 U.S.P.Q.2d 1691, 1694 (S.D.N.Y. 1991) (court found the confusion survey to be "convincing evidence" of actual confusion.); *RJR Foods, Inc. v. White Rock Corp.*, 603 F.2d 1058, 1061 (2d Cir. 1979) (court found actual confusion).

argues that the Federal Circuit failed to "follow [*Two Pesos*'] rationale." INTA's Brief at 5. It makes a stab at identifying a conflict with *Two Pesos*' "rationale" by saying that the Federal Circuit provides a lesser standard of protection for trade dress than trademarks. It does so by completely mischaracterizing the Federal Circuit's holding and decision in this case. INTA says the Federal Circuit held:

> the *mere presence of respondent's logo on respondent's private label imitation of petitioner's trade dress in and of itself* rendered clearly erroneous the district court's finding of likelihood of confusion . . . .

INTA's Brief at 5-6 (emphasis added). On the contrary, the Federal Circuit expressly held that the District Court's finding of a likelihood of confusion was "clearly erroneous" because the District Court failed to consider:

> [t]he unique and extensive appearance of [the Venture] logo in the store parking lot, on store signs, on employees' badges, in Venture's frequent and periodic print and television advertisements, and on other private label items sold by Venture, the large volume of Venture's annual sales ($1.3 billion in 1990), and the dearth of evidence that consumers ever purchased the Venture brand thinking it to have originated from Conopco despite the extended (over 10 year) period over which the original and relaunched products were sold alongside the Venture brand, give rise to the expectation that consumers . . . use [the Venture] logo to successfully distinguish between the two brands.

Conopco Inc., d/b/a Chesebrough-Pond's USA Co. v. May Department Stores Co., et al., ___ F.3d ___, 32 U.S.P.Q.2d 1225, 1232 (Fed. Cir. 1994) (footnotes omitted) (Reprinted in Conopco's Petition at Appendix A) ("*Pet.*" at 16a-17a).

INTA does not explain how this holding of the Federal Circuit conflicts with the "rationale" of *Two Pesos*. In fact, use of a

defendant's name and the absence of confusion negated "likelihood of confusion" in a trademark case involving SmithKline. *See SmithKline Beckman Corp. v. Proctor & Gamble Co.*, 591 F. Supp. 1229 (S.D.N.Y. 1984), *aff'd*, 755 F. 2d 914 (2d Cir. 1985)[3]. In other words, the factors which may negate "likelihood of confusion" in trade dress cases also negate "likelihood of confusion" in trademark cases.

There is no conflict between the Federal Circuit's decision and the "rationale" in *Two Pesos*. The *Two Pesos* decision has no relevance to consideration or disposition of the issues in this case. Consequently, neither Bristol-Myers, American Home Products nor INTA make a threshold showing of any issue meriting the attention of this Court.

C. None of the Circuit Court decisions cited by the proposed Amici are in conflict with the Federal Circuit's decision in this case, thus, they offer no additional support for the Petition.

The proposed Amici primarily rely upon purported conflicts between the Federal Circuit's decision and *Oral-B Laboratories, Inc. v. Mi-Lor Corp.*, 810 F.2d 20 (2d Cir. 1987) ("Oral-B") and Two Pesos.[4] The INTA also suggests vague and undefined conflicts with other Circuit Court decisions. INTA's Brief at 7. The defect in INTA's arguments is a fundamental misunderstanding about the concept of a conflict between Circuits.

Certiorari is appropriate where a real or intolerable conflict on the same matter of law exists. *See, e.g., Two Pesos*, 120 L.Ed.2d

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[3] SmithKline Beecham is the result of a merger of SmithKline Beckman Corporation and the Beecham Group. *See* SmithKline Beecham, 1989 Annual Report (1990).

[4] Respondents Ansehl and Kessler have addressed the purported conflict with *Oral-B* in their Brief in Opposition to Conopco's Petition and will not repeat their arguments here. *See* Ansehl and Kessler's Brief in Opposition at 9-10.

at 623 ("We granted certiorari to resolve the conflict among the Courts of Appeals on the question whether trade dress which is inherently distinctive is protectable under § 43(a) without a showing that it has acquired secondary meaning") (footnote omitted); *Qualitex Co. v. Jacobson Products Co.*, No. 93-1577, 1995 WL 128239 (U.S. Mar. 28, 1995) ("The courts of appeals have differed as to whether or not the law recognizes the use of color alone as a trademark. . . . Therefore, this Court granted certiorari.")

Rule 10 of the Supreme Court Rules provides that certiorari is appropriate when a court of appeals has rendered a decision in conflict with the decision of another court of appeals on the same matter. "This means that there must be a real or 'intolerable' conflict on the same matter of law or fact, not merely an inconsistency in dicta or in the general principles utilized." Robert L. Stern et al., *Supreme Court Practice* § 4.3 at 167 (7th Ed. 1993). *See also Wisconsin Electric Co. v. Dumore Co.*, 282 U.S. 813 (1931) (certiorari was improvidently granted because the purported conflict arose from differences of fact and not principles of law).

The conflicts that merited a grant of certiorari in *Two Pesos* and *Qualitex* were real conflicts in the principles of law applied in the Circuit Courts of Appeals, i.e. direct conflicts in the holdings of the courts. The INTA could not identify any such conflicts in its brief and did not attempt to do so. None of the cases cited by the INTA involved the trial court's failure to consider the dominance of the defendant's mark in the context of the sale of defendant's products or the absence of confusion despite a history of competition. All of the cases cited by the INTA are distinguishable on their facts. *Paddington Corp. v. Attiki Importers & Distrib.*, 996 F.2d 577, 586 (2d Cir. 1993) (the two supposedly distinct marks were "#1" vs. "No.12" -- a distinction that the court noted "disappears if one takes a few steps back"); *Nabisco Brands Inc. v. Conusa Corp.*, 722 F. Supp. 1287, 1291, 1293 (M.D.N.C. 1989), *aff'd*, 14 U.S.P.Q.2d 1324 (4th Cir. 1989) (the court granted preliminary injunctive relief

based upon infringement of the LifeSaver trademark and noted the identical size and shape of the candies, the "difficulty of distinguishing the embossed words on the candies" and that "even at close range the lettering is hard to detect"); *Badger Meter Inc. v. Grinnel Corp.*, 13 F.3d 1145, 1153 (7th Cir. 1994) (the plaintiff presented ample evidence of actual confusion); *Charles Jacquin Et Cie v. Destileria Serralles*, 921 F.2d 467 (3d Cir. 1990) (the court never even addressed the trademarks or logos of the competing bottles). None of the decisions cited by INTA present any conflict with the Federal Circuit's decision in this case. All are irrelevant to this Court's decision to grant or deny certiorari.

D. The proposed Amici's theories of confusion are a red herring, irrelevant to the issues before this Court.

The proposed Amici also miss the mark on the issue of actual confusion. The Federal Circuit overturned as clearly erroneous the trial court's determination that there was actual confusion. Wisely, Conopco didn't challenge the Federal Circuit's decision on this point for two reasons. First, the only evidence which Conopco offered to show "actual confusion" was the testimony of one witness, Mrs. Sickles, who bought one bottle of lotion from a Target (not Venture) store believing the lotion to be manufactured by Conopco. Its evidence of actual confusion was an infinitesimal fraction of 1% of Conopco's sales.[5] Conopco chose not to conduct a confusion study.[6] Secondly, there is a wealth of authority that isolated instances of confusion do not support a finding of actual confusion. *See Harad v. Sears, Roebuck & Co.*, 204 F.2d 14, 19 (7th Cir.), *cert. denied*, 346 U.S 914 (1953); *see also Woodsmith Publishing Co. v. Meredith Corp.*, 904 F.2d 1244, 1249 (8th Cir. 1990); *Amstar Corp. v.*

[5] Conopco annual sales of VICL are in excess of $100,000,000.

[6] The failure to conduct a confusion study is also telling. *See Charles Jacquin Et Cie. v. Destileria Serralles*, 921 F.2d 467, 475 (3d Cir. 1990).

Domino's Pizza, Inc., 615 F.2d 252, 263 (5th Cir. 1980), *cert. denied*, 449 U.S. 899 (1980).

The INTA, Bristol-Myers and American Home Products argue that the Federal Circuit failed to consider Conopco's evidence as "sponsorship", "association" or "foot in the door" confusion. INTA's Brief at 10-11; Bristol-Myers' Brief at 8-15; American Home Products' Brief at 8-13. It doesn't matter what *kind* of confusion best describes Mrs. Sickles testimony. The fact remains that one isolated instance of confusion is not enough to support a finding of actual confusion. Consequently, Amici's theoretical arguments about different kinds of consumer confusion are entirely irrelevant to this Court's consideration of the issue. Their Motions should be denied.

E. Conclusion.

The proposed Amici have offered no facts or quesitons of law not adequately presented by the parties. Nor have they demonstrated the relevance of the authorities upon which they rely to the disposition of the specific issues before this Court. They have failed to demonstrate any conflict between the holding of the Federal Circuit and any other authority. The proposed Amici have presented nothing that will assist this Court in determining whether certiorari is appropriate.

Respondents Ansehl and Kessler respectfully request that this Court deny the Motions for Leave to File Brief *Amicus Curiae*.

Respectfully submitted,

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No. 94-1437

Supreme Court, U.S.
FILED
APR 7 1995
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

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Petitioner,

—v.—

MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY, and KESSLER CONTAINERS, LTD.,

Respondents.

REPLY BRIEF OF PETITIONER CONOPCO, INC. D/B/A CHESEBROUGH-POND'S USA CO.

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Respondents.

REPLY BRIEF OF PETITIONER CONOPCO, INC. D/B/A CHESEBROUGH-POND'S USA CO.

Conopco, Inc. d/b/a Chesebrough-Pond's USA Co. ("Chesebrough") submits this reply brief in response to the brief of May Department Stores Company ("May") and Venture Stores Inc. ("Venture") in opposition to Chesebrough's Petition for a Writ of Certiorari ("the May/Venture Opposition") and in response to the Amendment to the May/Venture Opposition filed on March 30, 1995 ("the May/Venture Amendment").

The purpose of this reply brief is to correct two factual misstatements contained in the May/Venture Opposition. Although these misstatements go to the merits of the case, due to their serious nature, Chesebrough is compelled to submit corrections herein, before the Court's consideration of Chesebrough's Petition.

I. Contrary to May/Venture's Argument, Other Skin Care Lotion Products Manufactured And Packaged By Respondent Ansehl Were Enjoined By The District Court

May/Venture allege that Chesebrough has "agreed" that the trade dress of the three skin care lotion packages pictured on pages 6 and 7 of the May/Venture Opposition are not infringing. (May/Venture Opp., 6). This contention is untrue. These three products (Target, Ames, and "Enriched") were manufactured and packaged by defendant/respondent The Benjamin Ansehl Company ("Ansehl"). Each of these products was an exhibit at trial, was admitted into evidence, and *was subject to the injunction entered by the District Court on January 2, 1992*. After entry of the injunction, the labels for these three products (and others manufactured by Ansehl) were redesigned and submitted by Ansehl to Chesebrough for its approval, *in order to comply with the injunction*. (See text of Injunction at App. B to Petition, 92a).

In addition, May/Venture's contention disregards the District Court's Finding of Fact No. 48, undisturbed by the Federal Circuit, that the Ames, Target and additional skin care lotion products manufactured by Ansehl for other retailers "are packaged in containers which mimic the shape and appearance of the [VASELINE INTENSIVE CARE lotion] bottle . . . including the yellow, blue and green color combination of the [VASELINE INTENSIVE CARE lotion] packaging." (See App. B to Petition, 41a). Thus, May/Venture's argument that these three products are admitted to be non-infringing is an outright mischaracterization of the record and, Chesebrough respectfully requests that this argument be disregarded.

II. Venture Used Its Name Prominently On Skin Care Lotion Packaging For Four Years Before Introducing Its "Revised" Packaging

The May/Venture Amendment itself is also misleading. The Amendment indicates that the Venture label pictured in the photograph on the left (which displays Venture's name) was used by Venture between March 1989 and January 1990. This is misleading because it creates the misimpression that prior to March of 1989, the only label used by Venture for its skin care lotion was the one pictured on the right, which does not include its name. However, as the Declaration of Kip L. Bowers establishes[1], a virtually identical label to the one pictured on the left[2] *containing prominent display of Venture's name*, was used by Venture from January 1986 to March 1989. (See p. G-7 of the Appendix to the May/Venture Amendment).

As the District Court found, "Mr. Bowers admitted that the Venture name was prominently displayed on Venture's skin care lotion packaging for the past four years." (Finding of Fact No. 64, App. B to Petition, 44a). This is important, because the Federal Circuit's decision means that a store brand competitor may copy the protectible trade dress of a national brand, may *omit its store name* from the label and may *use the national brand's registered trademarks prominently*, and still be within the bounds of lawful conduct

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[1] Kip Bowers is the Ansehl designer who designed the labels for Venture's Skin Care lotion products. A declaration by him was submitted to the District Court, admitted into evidence at trial and was attached by May/Venture as an Appendix to their Amendment.

[2] The only difference was that the top panel read "25% MORE FREE" instead of "33% MORE FREE".

under the Lanham Act. As set forth in Chesebrough's Petition, such a holding is unprecedented in any circuit.

III. Conclusion

Based upon the reasons set forth in its Petition for *Certiorari*, as well as on the arguments set forth in the briefs *amicus curiae* of International Trademark Association, SmithKline Beecham, American Home Products Corporation/Nabisco, Inc., Gerstman + Meyers, Inc./ Wallace Church Associates, Inc. and Bristol-Myers Squibb Company, Chesebrough respectfully requests that this Court grant its Petition for a Writ of Certiorari.

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Petitioner,

v.

THE MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY, AND KESSLER CONTAINERS, LTD.

Respondents.

OPPOSITION OF THE MAY DEPARTMENT STORES COMPANY AND VENTURE STORES, INC. TO MOTIONS OF AMICI TO FILE BRIEFS IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

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ABBREVIATIONS APPEARING IN THIS BRIEF

AHP Br.	Brief *Amicus Curiae* of American Home Products Corporation and Nabisco, Inc. in Support of Petitioner
AHP Mot.	Motion of American Home Products Corporation and Nabisco, Inc. for Leave to File Brief *Amicus Curiae* in Support of Petitioner
Ansehl	The Benjamin Ansehl Company, a Respondent in this matter, a Defendant in the original action
Ansehl Br.	Brief in Opposition to Petition for Writ of Certiorari of Respondents The Benjamin Ansehl Company and Kessler Containers, Ltd.
Bristol-Myers Br.	Brief of the Bristol-Myers Squibb Company as *Amicus Curiae* in Support of The Petition
Chesebrough	Conopco, Inc. doing business as Chesebrough Pond's USA Co., Petitioner in this matter, Plaintiff in the original action
Gerstman Br.	Brief of Gerstman + Meyers Inc. and Wallace Church Associates, Inc. as *Amicus Curiae* in Support of Petitioner
INTA Br.	Brief *Amicus Curiae* of the International Trademark Association in Support of Petition
INTA Mot.	Motion of the International Trademark Association for Leave to File Brie *Amicus Curiae* in Support of Petition

May	May Department Stores Company, a Respondent in this matter, a Defendant in the original action
Pet.	The Petition for Certiorari filed by Conopco, Inc.
Pet. App.	Appendix to the Petition for Certiorari filed by Conopco, Inc.
SmithKline Br.	Brief of SmithKline Beecham *Amicus Curiae* in Support of Petitioner
SmithKline Mot.	Motion of SmithKline Beecham for Leave to File Brief *Amicus Curiae* in Support of Petitioner
Target	Target Stores, a division of Dayton Hudson Corporation; neither Target Stores nor Dayton Hudson is a party to this action
VICL	Vaseline Intensive Care Lotion
Venture	Venture Stores, Inc., a Respondent in this matter, a Defendant in the original action
Venture Amendment	Amendment to Brief of The May Department Stores Company and Venture Stores, Inc. in Opposition to Petition for Writ of Certiorari
Venture Br.	Brief of The May Department Stores Company and Venture Stores, Inc. in Opposition to Petition for Writ of Certiorari
Venture Br. App.	Appendix to Brief of The May Department Stores Company and Venture Stores, Inc. in Opposition to Petition for Writ of Certiorari

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Respondents.

OPPOSITION OF THE MAY DEPARTMENT STORES COMPANY AND VENTURE STORES, INC. TO MOTIONS OF AMICI TO FILE BRIEFS IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

Venture and May hereby oppose the motions of the Amici to file briefs in support of the Petition for Writ of Certiorari.

The assertions raised by the Amici fall into the following categories:

1. The Federal Circuit's decision is based solely upon the presence of the Venture logo on its product. See, INTA Mot. 2, Br. 5 and 8 - 9; AHP Mot. 2, Br. 5-7; and Bristol-Myers Br. 2-8.

2. The confusion evidence should have been ascribed greater significance. INTA Br. 10-11; AHP Br. 8-13; and Bristol-Myers Br. 10-15.

3. A likelihood of confusion should have been inferred from intentional copying by the private labellers. Gerstman Br. 2-3 and 4-5.

4. The Federal Circuit gave a lesser degree of protection to trade dress than to other forms of trademarks and improperly created a "private label exception" to traditional trademark law. See, INTA Mot. 2, Br. 2-8; Gerstman Br. 3-4, 6-7; AHP Br. 3-8; and SmithKline Mot. 2-3, Br. 4-5.[1]

These assertions will be addressed in order.

1. No Single Factor Influenced the Decision of the Federal Circuit

The Federal Circuit here recognized five (5) factors which necessitated reversal:

a. The prominent presence of Venture's logo on the allegedly infringing product. Pet. App. 16a, 23a and Ansehl Br. 12-13, including n.8.

b. The prominent presence of Venture's logo on signs, advertisements, promotions, and other private label products sold by Venture combined with a large volume of annual sales ($1.3 billion; Pet. App. 17a), such that consumers recognize the Venture logo and identify it with Venture as the source of the private label products. Pet. App. 16a-17a and Ansehl Br. 4.

c. The ten (10) year history of inaction by Chesebrough while Venture used trade dress parallel to that of VICL (e.g. a yellow bottle with a green and blue label, sometimes with a yellow label panel) bearing

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[1] Other arguments of the Amici are not addressed since they impermissibly overlap those made by Chesebrough. For example, the Gerstman and Bristol-Myers Briefs repeat Chesebrough's arguments regarding the alleged conflict between the Circuits arising from the decision in *Oral-B Labs., Inc. v. Mi-Lor Corp.*, 810 F.2d 20 (2d Cir. 1987) This argument has been addressed in Venture's Brief in Opposition. Venture Br. 11-13; *see*, Ansehl Br. 8-10.

the Venture logo - - which from at least 1982 until 1991 was placed on the Venture skin care lotion *without* the Venture name. Pet. App. 17a, 23a. *See*, Venture Br. App. G4-G6 and Ansehl Br. 5-6, including n.5. Further, Chesebrough notes in its Petition that there was a period of more than twenty (20) years during which the private label industry used trade dress similar to VICL. Pet. 4-5; *see* Venture Br. App. C.

d. The absence of actual confusion between the Chesebrough and Venture products for more that ten (10) years. Pet. App. 17a, 23a; *see* Ansehl Br. 12-13, including n.9.

e. The fact that the one instance of reported confusion, involving a TARGET private label product, not a Venture private label product, based on a erroneous belief of the consumer (*not* confusion), was "atypical", "isolated" and unsupported by any other direct or survey evidence of actual confusion. Pet. App. 12a, including n. 9. The dissent goes so far as to characterize the testimony of the confusion witness as "idiosyncratic and mistaken". Pet. App. 30a, n.3. The relevance of the sole alleged instance of confusion was further placed in doubt due to the fact that Chesebrough printed an "800" toll-free number on the back of nearly *100 million* bottles of VICL sold prior to institution of this action and *no* confusion was reported to Chesebrough. Ansehl Br. 6.

The failure of the Amici to recognize the ***multiple*** clear errors of commission and omission detected by the Federal Circuit in the findings of the trial court underscores the essential weakness in all the Amici briefs: they wish that this case either included or lacked certain elements which would make it more agreeable to their arguments.

However, the decision of the Federal Circuit must be viewed as a whole and on its own merits, not based upon the wishful thinking of the Amici. On its own merits, the Federal Circuit's determination was multi-faceted and did not rest solely upon the presence of Venture's logo on the private label product at issue.

All of this having been said, the presence of Venture's logo on its private label products was an important element of the analysis of the Federal Circuit, and properly so. Pet. App. 16a-23a; Venture Br. App. A, C and G; Venture Amendment 1; and Ansehl Br. 4-6 and 12-13.

2. The Federal Circuit Properly Evaluated the "Confusion" Evidence

The INTA Brief starts from the false premise that the alleged confusion witness "purchased the respondent's product." INTA Br. 10. The witness actually purchased a TARGET private label product. Venture had nothing to do with the Target product, yet Chesebrough decided to pursue Venture in this matter rather than Target. Pet. App. 8, n.4.

The Amici also wish to overlook the fact that the testimony of the alleged confusion witness was soundly rejected by both the majority ***and*** the ***dissent*** of the Federal Circuit panel. Pet. App. 11a-15a and 30a, n. 3.

INTA argues that the testimony of the "confusion" witness was improperly rejected since the witness was actually correct in her assumption that private label products are made by national brand companies. INTA Br. 10. Chesebrough and INTA point to various sources which indicate that "many national brand manufacturers have followed the practice of manufacturing private label versions of their own products." INTA Br. 10 and Pet. 16 including n.12.

It is true that for many years Chesebrough supplied yellow bottles to Ansehl and others in which private label skin care

lotion was sold with labelling including the blue and green colors originated, *but not protected*, by Chesebrough for VICL. Appendix A hereto; Pet. App. 33a; Ansehl Br. 4-5; *see e.g.* Venture Br. App. C. But this fact does not help Chesebrough or the Amici.

The argument of INTA is incorrect and misguided for at least two reasons. First, the Federal Circuit correctly indicated that there was nothing in the record ***of this case*** which supported the finding of confusion by the witness. Pet. App. 11a[2] and Ansehl Br. 6. Chesebrough did not choose to rely upon evidence that national brand companies produce private label products. The Federal Circuit, unlike INTA and Chesebrough, relied upon the record created before the trial court - - not press clippings, books and excerpts from the facts adduced in other cases found after the trial.

Second, there was a good reason at trial that Chesebrough did not wish to ascribe significance to the fact that national brand manufacturers supply products to the private label industry. Dwelling on that issue would have placed tremendous emphasis on the fact that Chesebrough supplied to Ansehl and others yellow bottles in which Venture and other private label skin care lotions were sold bearing labels such as those shown in Appendix C to Venture's Brief in Opposition. Appendix A hereto; Pet. App. 33a; Ansehl Br. 4-5; *see* Venture Br. App. C. This history, virtually standing alone, would have raised serious issues of laches and acquiescence which were recognized by the Federal Circuit (Pet. App. 17a and 23a) but ignored by the trial court.[3]

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[2] "The problem with the testimony is that Mrs. Sickles' confusion arose at least in part from her assumption, erroneous as applied to this case, that national brand manufacturers secretly market private label brands. First, there is **no evidence** that this assumption is widely held by the relevant consumers, the vantage point from which the confusion issue must ultimately be addressed." (Emphasis added) Pet. App. 11a.

[3] *See also* Pet. 4-5, describing Chesebrough's inaction and complicity during the growth of the private label skin care lotion industry.

The effort by INTA and Chesebrough to introduce new evidence into the record is not a proper basis for granting certiorari. *Demarest v. Manspeaker*, 498 U.S. 184, 189, 111 S.Ct. 599, 603 (1991); *DeShaney v. Winnebago County Department of Social Services*, 489 U.S. 189, 195, n.2, 109 S.Ct. 998, n.2 (1989). The fact that Chesebrough and some or all of the Amici engaged in the practice of supplying products to private labellers merely points out the complicity of the Amici in the growth of the private label industry - - a genie they are now trying to put back in a bottle from which ***they*** released it. *see* Pet. 16, n.12, citing P. Fitzell, *Private Label Marketing In the 1990's* (Global Book Productions, New York, N.Y., 1992) (Mr. Fitzell notes that amicus **Nabisco** is a prominent source of private label products. *Private Label Marketing* at 75).

The Amici also assert that the Federal Circuit failed to recognize forms of trademark confusion other than direct confusion (i.e the consumer mistakes the product of the alleged infringer for that of the trademark owner). *see* Bristol-Myers Br. 10-15. These Amici point out that courts have recognized other types of confusion, such as confusion as to "sponsorship" or "association". Bristol-Myers Br. 10-15. The Amici overlook the fact that the Federal Circuit here specifically noted "the findings made by the [trial] court do not support a conclusion that consumers ***associate*** the Venture brand with Conopco, rather than with Venture." (Emphasis added). Pet. App. 23a. Thus the Federal Circuit specifically addressed the alternative forms of possible "confusion" relied upon by the Amici.

As noted above, the evidence of the "confusion" witness was rejected, in part, due to lack of support in the record for her assumption that "national brand manufacturers secretly market private label brands." Pet. App. 11a. Therefore the Federal Circuit also considered and rejected as clearly erroneous the "association" made by the confusion witness.

The unsupported, de minimis and isolated nature of the testimony of one witness regarding actual confusion and the failure by Chesebrough to identify any other instances of alleged confusion have been addressed under point 1, above. Thus the "confusion" issue was properly addressed in all of its facets by the Federal Circuit.

3. A Presumption of Actual Confusion or Likelihood of Confusion Was Inappropriate Here

Several of the Amici assert that the Federal Circuit should have applied a presumption of either actual confusion or a likelihood of confusion in this case since the Respondents were found to have intentionally imitated certain elements of the trade dress of VICL. *See* Gerstman Br. 2-5. This ignores the significance of the trial court's erroneous finding of actual confusion (Pet. App. 11a-12a and 30a, n. 3), the absence of any evidence of confusion between the Venture and Chesebrough products for more than ten (10) years (Pet. App. 17a), and the considerable history of private label versions of VICL noted by the Federal Circuit (Pet. App. 17a and 23a) and Chesebrough in its Petition (Pet. 4-5) which diminished the trademark significance of Chesebrough's asserted trade dress. *See Henry Heide, Inc. v. George Ziegler Co.*, 354 F.2d 574, 576 (7th Cir. 1965); *Norwich Pharmaceutical Co. v. Sterling Drug, Inc.*, 271 F.2d 569, 573 (2d Cir. 1959); *Dixi-Cola Laboratories, Inc. v. Coca-Cola Co.*, 117 F.2d 352, 358 (4th Cir.), *cert. denied*, 314 U.S. 629 (1941).

In all other respects the Federal Circuit has ably answered the question of why a presumption of likelihood of confusion is inappropriate under the facts of this case and under the precedents of the Eighth Circuit and other Circuits. Pet. App. 12a-15a and 17a-22a[4] ; *See* Ansehl Br. 12-14.

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[4] The Gerstman Brief also alleges that the Second Circuit in *Oral-B Labs., Inc. v. Mi-Lor Corp.*, 810 F.2d 20 (2d Cir. 1978) recognized that "intentional copying creates a presumption of likelihood of confusion".

Finally, the suggestion in the Gerstman Brief that the Federal Circuit's decision is somehow contrary to this Court's recent decision in *Qualitex Co. v. Jacobson Products Co.*, __ U.S. __, 63 U.S.L.W. 4227 (U.S. March 28, 1995) is not well founded. Gerstman Br. 1 and 4. *Qualitex* involved the issue of whether a single color, uniformly applied to a product (i.e. dry cleaning pads) could be protected as a trademark where there was evidence that the trademark owner had been the sole source of the products sold in that color for almost 40 years and the alleged infringer began its use of a similar single color for the same goods shortly before the civil action was filed. *Id.*, 63 U.S.L.W. at 4227. By contrast, the colors used by Chesebrough in relation to its VICL product, both before and after the 1989 relaunch, were the same ones used by the private label industry for twenty (20) years (i.e. yellow bottle with a blue and green label, sometimes accompanied by a yellow label field). Pet. 4-5; Venture Br. 4-7; Appendices A-C; Amendment p. 1 and Appendix G; Ansehl Br. Appendix B.

The Court in *Qualitex* discussed the application of the doctrine of "functionality" in relation to colors in common use for products in various industries (e.g. farm machinery in the color green; drug capsule colors; outboard boat motors in black). *Id.*, 63 U.S.L.W. at 4230. Perhaps, in relation to skin care lotion sold in a yellow bottle with label colors of blue and green, the *Qualitex* decision and its discussion of the functionality of certain colors more appropriately comes to the assistance of the Respondents than the Amici and Chesebrough.

Gerstman Br. 4 and 7-8. However, in *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033 (2d Cir. 1992), which came twelve (12) years after *Oral-B Labs.*, the Second Circuit did not recognize the alleged "presumption." *See* discussion, Pet. App. 19a-20a and Ansehl Br. 10-11.

4. The Federal Circuit Did Not Ascribe a Lesser Degree of Protection to Trade Dress.

The Amici contend, in various language all having the same meaning, that the present decision "fails to recognize trade dress as a form of intellectual property equal in legal and commercial importance to trademarks" AHP Br. 2; *see* also, INTA Br. 3; Gerstman Br. 5; and Bristol-Myers Br. 4. Each of these arguments attempts to rely upon this Court's decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*, __ U.S. __, 112 S.Ct. 2753, 120 L.Ed.2d 615, *reh'g denied*, __ U.S. __, 113 S.Ct. 20, 120 L.Ed.2d 947 (1992).

In *Two Pesos*, this Court held that a party asserting rights in a trade dress need not always prove secondary meaning in order to be entitled to protection. *Two Pesos* __ U.S.at __, 112 S.Ct. at 2747-2761. That was the ***only*** matter determined in the *Two Pesos* decision. *Id.* In fact, this Court was careful to note that the issue of whether the alleged trade dress was entitled to protection (i.e. was functional) was not before the Court. *Id.* __ U.S. at __, n.6, 112 S.Ct at 2757, n.6. There was also no discussion in *Two Pesos* of any of the infringement factors which weighed heavily in the decision of the Federal Circuit here. *see* Point 1, above.

The issue of whether Chesebrough's VICL trade dress is inherently distinctive was not before the Federal Circuit. What was before the Federal Circuit were several significant clear errors of commission and omission made by the trial court. Because *Two Pesos* was not apropos of the matters before the Federal Circuit (i.e. this case did not involved an issue of "inherent distinctiveness" verses "secondary meaning"), the Federal Circuit did not cite *Two Pesos*. This is far from the ominous portents propounded by the Amici. AHP Br. 3-5.

In relation to the allegation that the Federal Circuit treats trade dress infringement differently, and under a lower standard, than trademark infringement, the decision in this action and

others point to a contrary conclusion. The Federal Circuit has held that merely because a product is produced under a private label does ***not*** give it a special exemption from trade dress infringement. *Tone Bros. v. Sysco Corp.*, 28 F.3d 1192, 1202-1205 (Fed. Cir. 1994)(a case also arising from the Eighth Circuit).[5] *See, Payless Shoesource, Inc. v. Reebok Intern. Ltd.*, 998 F.2d 985, 988-90 (Fed. Cir. 1993).

In addition, the Federal Circuit applied the customary "likelihood of confusion" analysis to the present case. Pet. App. 10a-11a and 15a-23a. In summarizing its holding, the Federal Circuit noted that a violation of the Trademark Act could not be found "absent a showing by the plaintiff that real consumers have real confusion or likelihood of it with regard to the origin of the products involved." Pet. App. 22a. This is a simple restatement of the standard applied in all trademark and trade dress actions, whether or not a "private label" is involved. The Federal Circuit has not deviated from precedent to establish a "private label" exception.

Conclusion

For the reasons aforesaid and those set forth in the Venture Brief and Ansehl Brief, it is respectfully submitted that the motions of the various Amici for leave to file briefs in support of the Petitioner should be denied and that the Petition for Certiorari should also be denied.

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[5] It should be noted that *Tone Bros.* was decided very shortly before the present case and that Judge Plager was on the panels of both the present case and *Tone Bros.*

Respectfully Submitted,

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the trade sales file, you indicated that you would be able to determine who was the first company sold to from your file. Can you please do so?

A. Can I have a moment to —

Mr. VOGL: Sure.

MR. BLOSSER: Off the record.

(Off the record)

A. It appears from the file that February 24th,1988, would be the earliest invoice.

Q. In your file?

A. Yes, in my file.

MR. BLOSSER: I'd like to have marked a file which has "Ansehl" at the top as Defendants' Exhibit 156.

(DEFENDANTS' DEPOSITION EXHIBIT NO. 156 WAS MARKED FOR IDENTIFICATION BY THE REPORTER.)

BY MR. BLOSSER:

Q. Mr. Wadhams, I've had marked for purposes of identification a file with an orange or yellow tab at the top with "Ansehl" typed on it as Defendants' Exhibit 156. Are you familiar with that file?

A. Yes, I am.

Q. Can you identify it?

A. This would be a file that was kept by Art Retsema.

Q. As the industrial sales manager for Chesebrough-Ponds?

A. Yes.

Q. During the time that he was is employed in that capacity?

A. Yes.

MR. BLOSSER: Peter, will you stipulate that this Defendants' Exhibit 156 and the contents are business records of Chesebrough-Ponds?

MR. VOGL: Yes, I will.

BY MR. BLOSSER:

Q. Could you please review very briefly some of the invoices in there and see if they might date back to 1985, as you testified you believed sales, in fact, did begin in your earlier testimony?

A. Okay. Here's a memo that I come to, October 30th, 1985, and a purchase order, October 24th, 1985.

Q. The purchase order is from who?

A. The Benjamin Ansehl Company.

Q. Based on that record, the business records reflect that sales commenced at least in 1985 then; correct?

A. Yes.

MR. BLOSSER: All right. I have another file. It has a tab at the top in white typed "Northwestern Bottle Company." I'll have that marked as Defendants' Exhibit 157 for purposes of identification.

(DEFENDANTS' DEPOSITION EXHIBIT NO. 157 WAS MARKED FOR IDENTIFICATION BY THE REPORTER.)

BY MR. BLOSSER:

Q. Mr. Wadhams, I had Defendants' Exhibit 157 marked, and I hand it to you and ask if you're familiar with that particular file?

A. Yes, I am.

Q. Can you identify it?

A. This is the additional file maintained by Retsema for trade sales that shows Northwestern Bottle Company invoices.

Q. This, again, would have been a file maintained by Art Retsema as industrial sales manager at Chesebrough-Ponds?

A. Yes.

MR. BLOSSER: Again, Peter, would you stipulate this is a business record and it contains business records?

MR. VOGL: Yes, I will.

BY MR. BLOSSER:

Q. Mr. Wadhams, who or what is the Northwestern Bottle Company?

A. To the best of my knowledge, it is a supplier of containers, bottles, caps, jars, plastic components, and —

Q. To your knowledge, they don't sell product in the bottles? They sell bottles to be used by other companies for selling product; is that correct?

A. To the best of my knowledge, it's empty containers.

Q. Do you know who any of their customers are?

A. No, I would not.

Q. Were VICL-brand-type bottles sold to Northwestern Bottle Company by Chesebrough-Ponds?

MR. VOGL: So the record is clear, which exhibit are you referring to?

MR. BLOSSER: Well, referring specifically to Defendants' Exhibits 155 and 21.

A. Again, I would need to refer to the file to see if —

BY MR. BLOSSER:

Q. Please do so, if you can find it there.

A. -- just to verify. Yes. 16-ounce tapered oval bottle, yellow in color.

Q. That, again, would have been made from the same mold that made the 16 ounce VICL brand bottle for sale by Chesebrough-Ponds; correct?

A. Can I have a moment?

MR. BLOSSER: Sure.

* * * *

Q. What was the name of it, again?

A. Evron Industries Limited.

MR. VOGL: Why don't you spell that for the reporter, please.

THE WITNESS: E-v-r-o-n Industries, Limited.

BY MR. BLOSSER:

Q. What's the date of that invoice?

A. This date is April 1, 1987.

Q. Do you have any information as to the nature of business of Evron Industries Limited?

A. No, I do not. That's the only additional one I see.

Q. What file are you looking at at the present time?

A. Exhibit 157, Northwestern Bottle Company file.

Q. Referring to Defendants' Exhibit 154, there is a factory invoice which appears to be No. 84852, and I ask you if that indicates an additional company?

A. Yes. This would be invoice to Northwestern Bottle and shipped to address of Trent Industries.

Q. Would that indicate that Trent Industries would be the ultimate receiver of the bottles?

A. Yes.

Q. For what reason would it be invoiced to Northwestern Bottles as opposed of Trent Industries?

A. The Northwestern Bottle, who actually purchased the containers and the location they would be shipped to would be specified by Northwestern Bottle.

Q. Would that indicate to you that Northwestern Bottle contracted with Trent Industries to purchase the bottles?

from Chesebrough for Trent Industries' use? Do you have any information about that?

A. I would not have information to that business arrangement. Going back to my earlier statement, Northwestern Bottle Company sells containers, caps of which this, I think, would be there.

MR. BLOSSER: Bear wit me a second here. Referring to Defendants' Exhibit 154, there's an interoffice memorandum which I'll have marked as 154A and I'd like you to take a look at.

(DEFENDANTS' DEPOSITION EXHIBIT NO. 154A WAS MARKED FOR IDENTIFICATION BY THE REPORTER.)

BY MR. BLOSSER.

Q. Mr. Wadhams, referring to Defendants' Exhibit 154A, have you seen that interoffice memorandum before?

A. Yes. My name appears on the distribution.

Q. Okay. And you're familiar with it?

A. Yes.

Q. Can you identify it?

A. Yes. This would be the memo that discontinued our practice of selling excess machine capacity to outside customers.

Q. What's the date of that memo?

A. This is dated October 10th, 1988.

Q. The memo is from who and to whom?

A. The memo is from Art Retsema and it is to L. Barnes.

Q. Who is L. Barnes?

A. L. Barnes is a production manager of Chesebrough-Ponds.

Q. Were you involved in any discussions concerning the discontinuation of the sale of bottles to third parties?

A. Yes.

Q. What discussions can you recall to that effect?

A. I recall by memory our current conditions and excess capacity was diminishing and per this memo we needed to discontinue commitments to outside parties because we no longer would be able to supply machine time.

Q. There was a drop off in excess capacity to the point where it was not feasible to supply third parties; is that what you're saying?

A. I believe, to the best of my recollection, that's one of the reasons we were discontinuing the practice of selling outside of capacity.

Q. Was that the reason that was explained to the outside companies, do you know?

A. I don't know what was spelled out to the companies other than what was in this memo.

Q. Did you ever personally have any conversations with the companies that you previously identified, Benjamin Ansehl, Northwestern Bottle, concerning the termination of the supply arrangement with them?

A. No.

Q. Would that have been Mr. Retsema or somebody else?

A. Mr. Retsema would have done that—phone conversation or personal contact.

Q. Okay. In that memorandum which is Defendants' Exhibit 154A, there's a reference to a Team Packaging. Are you familiar with that company?

A. Yes, I am.

Q. And were they also a purchaser of the bottles similar to Defendants' Exhibit 155 and 21 that were being sold by Chesebrough-Ponds?

A. Yes.

Q. Do you recall over what period of time they would have been purchasing bottles from Chesebrough-Ponds?

A. To the best of my recollection, and based on this sheet, and their purchase order, October 3, 1988.

* * * *

Q. You haven't had any discussions with Mr. Retsema in preparation for your deposition today, have you?

A. No.

Q. Have you had any discussions with any other present or former Chesebrough-ponds employees in connection with today's deposition?

A. Yes.

Q. Who would that be?

A. It would be our personnel manager, Charlene Mullen, from the standpoint that we discuss any type of outside activities, legal affairs, so that our corporate legal affairs people can be informed.

Q. Did you have any discussions with present or former Chesebrough-ponds employees specifically about bottle sales to Benjamin Ansehl or other companies?

A. No.

MR. BLOSSER: let's have this marked as Defendants' Exhibit 154B.

(DEFENDANTS' DEPOSITION EXHIBIT NO. 154B WAS MARKED FOR IDENTIFICATION BY THE REPORTER.)

BY MR. BLOSSER:

Q. Mr. Wadham's, I've had marked for purposes of identification a document, one-page document, as Defendants' Exhibit 154B and I'll ask you if you've ever seen that before.

A. Yes.

Q. Are you familiar with it?

A. Yes. This would be a factory invoice for bottle and cap shipment to Benjamin Ansehl Company on April 11th, 1988, which was shipped on April 28th, 1988.

Q. And this, in fact, is a carbon of an invoice that you personally signed?

A. Yes.

Q. There are a number of columns with headings on it. Bear with me a moment. I'll ask you what each of them represents. Beginning on the upper left-hand side it says, "requested by," and it has your name. I take it that just simply means that you're the one that requested this order to be filled internally?

A. I requested this document to be typed?

Q. I see. And then request, that's simply the date you requested the document be typed?

A. Correct.

Q. And then it says "approved by authorized signature", that would be similar?

A. That would be me.

Q. That would be you or somebody of the same authority who would have the ability to order this invoice to be sent out; is that correct?